

AGRICULTURAL OUTLOOK

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- 1 **Farm income looks strong.** Big crops, large exports, and expanding domestic markets point to favorable returns to farmers in 1976. Gross farm income may well be up 7 to 9 percent from 1975—reflecting prospects for gains in marketings of both crops and livestock products together with steady to slightly higher average prices received by farmers.
- 3 **Commodity markets should begin settling down soon.** August should answer many of the questions about the size of 1976 crops—but taking some of the uncertainty out of the market won't take all the steam out of ber of key commodities—and prices will stay high. (However, as this issue went to press, the commodity markets were weakening, especially for soybeans and meal.) On the livestock side, production expansion continues full tilt for pork, broilers, and dairy products.
- 8 **Transportation outlook is generally optimistic,** but some shippers in areas with bumper corn harvests could face railcar shortages in the post harvest season. Also, the present tight truck supply situation for movement of perishables may continue a few more weeks.
- 9 **Easier credit fuels demand for farmland.** Farmers report a general easing of credit restrictions across the Nation, due partly to the stabilization of interest rates. The easier credit is fueling demand for farmland—but with listings of farms for sale not much larger than a year ago, prices could be driven up by as much as a tenth by early 1977.
- 12 **Oomph goes out of food prices.** Average retail food prices have been relatively stable so far this year, in contrast to the steep increases of the past 3 years. Gains should continue moderate this summer, with third quarter prices averaging 1 to 2 percent above the second quarter and 2 to 3 percent above a year earlier.
- 14 **Export outlook brightens** in recent weeks due to accelerating economic activity abroad, reduced crop prospects in Europe, and expected large grain imports by the USSR. However, if 1976 world crops are as large as anticipated, the volume of U.S. exports may not match the record 100 million metric tons shipped in 1975/76. (A special analysis of the prospects for U.S. agricultural exports to the United Kingdom is covered on page 17.)

RECORD FARM OUTPUT FACES STRONG DOMESTIC AND EXPORT DEMAND

Midyear farm output prospects point to large crops again this year and a continued peak production rate for livestock products. Record farm output will face a growing domestic demand and large exports, although the latter may not match record shipments in 1975/76 if prospects for increased world crops materialize. Weather and growing conditions will continue as key factors in the agricultural outlook for the coming year.

Larger plantings and favorable growing conditions so far this year, along with a record production rate for livestock products, point to continued large supplies of food and other farm products for the 1976/77 marketing year. The corn crop is estimated at 6½ billion bushels, 14 percent larger than the record 1975 crop. The wheat, rice, and soybean crops may run a little smaller than in 1975. But combined tonnage of grains and soybeans this year may range from about the same to 6 or 8 percent larger than the big 1975 outturn. For all crops combined, a modest gain of 2 or 3 percent is likely, if the weather cooperates.

Livestock output through mid-1977 also may be up modestly. The expansion phase underway for hogs will extend well through next year, with first half output possibly 15 to 20 percent above January-June 1976. However, with fed cattle prices running well below a year ago and rising feed costs, most cattle feeders have been operating in the red since January. A continuation of these conditions will slow placements of cattle on feed and may limit gains in output of poultry and milk as well. Much will depend on the size of U.S. and world crops and on domestic availability and cost of feed.

Domestic Demand Strong: Exports Depend on 1976 World Crops

Domestic demand for food and other farm products will continue to expand. A growing economy and rising employment will stimulate food purchases if price increases remain moderate. Expanding demand will also be a positive factor in continued large output of meats, poultry, and milk products and in the related further expansion in the domestic market for feed.

The outlook for the important foreign market is less certain, especially for grains and soybeans. The export outlook brightened in recent weeks due to accelerating economic activity abroad,

reduced crop prospects in Western Europe, and uncertainty about the size of U.S. and world crops. With relatively small carryover stocks here and abroad, supplies for 1976/77 will depend largely on the size of 1976 crops.

The USSR recently re-entered the U.S. market to purchase around 4½ million metric tons of grain for delivery after October 1, 1976. (These purchases were made under last fall's U.S.-USSR grain agreement which becomes effective this October 1.) In addition to the grain, the USSR also purchased 2.0 million tons of soybeans on the world market of which as much as 1.5 million tons could come from the United States.

If 1976 world crops are large again this year, with considerable recovery in the USSR, the volume of U.S. exports may not match the record of over 100 million metric tons shipped in 1975/76. But the value of exports may not slip much in view of the relatively tight supply situation for soybeans, soybean products, and cotton.

Prices Sensitive to Market Uncertainties

Big movements of 1976 crop grains into domestic and export markets have reduced this year's prospective carry-over stocks. This situation, along with

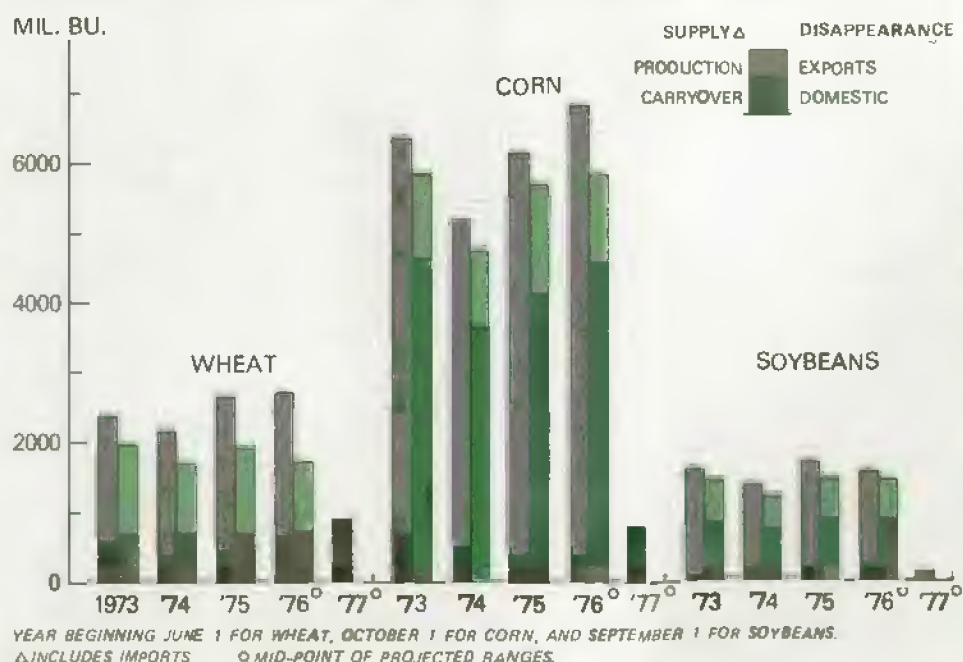
poor growing conditions in West Europe, recent USSR purchases, and uncertainty about the U.S. growing season, makes market prices sensitive and speculative. Central market prices for major crops, though gyrating, are well above levels earlier this spring. Moreover, within the past month, with little basis for change in crop prospects or domestic demand, market prices for soybeans have varied from around \$6 to more than \$7 per bushel, wheat prices from \$3.50 to over \$3.90, and corn from \$2.85 to over \$3.10. This will likely continue until 1976 crop prospects, both here and abroad, come into sharper focus and begin to impact on market prices.

Crop Prices Maintained: Livestock Stronger

Large 1976 grain crops worldwide would put grain prices under some downward pressure later this year. But relatively tight supplies indicated for soybeans, cotton, and some minor crops, as well as prospects for continued large exports, should help support overall crop prices close to 1975. Again, the price outlook hinges importantly on growing conditions in coming months.

Livestock product prices were up strongly from a year ago in January-June and will likely average 5 to 7 per-

LARGE 1976/77 GRAIN AND SOYBEAN SUPPLIES LIKELY



RETAIL FOOD PRICES UP IN JUNE; WHOLESALE DECLINES



cent higher for all of 1976. Increases in feed costs and uncertainty about forage supplies boosted nonfed cattle slaughter this summer, further delaying expected strength in fed cattle prices. But a slowing in placements of cattle on feed and the declining herd size point to some easing in beef output and prospects for stronger fed cattle prices in the coming year. Further big gains in pork production will likely reduce hog prices this fall and into 1977.

Steam Gone from Food Prices

Food price increases also will mod-

erate further if supplies of major food crops and livestock products increase as expected in the coming year. Although relatively stable from mid-1975 to mid-1976, retail prices for food consumed at home averaged 6 percent above a year earlier during this period. But this margin is narrowing quarter by quarter. If the weather cooperates, food prices by the closing months of this year may average only 1 or 2 percent above a year earlier. For all of 1976, retail food prices are likely to average 3 to 4 percent above 1975.

Larger supplies of livestock products

and major food crops have mostly offset the price impact of the growing demand for food. Per capita use of food in 1976 will total 2 percent or so above 1975, approximating record per capita intake in 1972. The largest consumption gains are indicated for livestock products, although per capita use of crop foods is also increasing.

Farm Income Outlook Steady to Stronger

Large crops, increasing livestock output, and expanding domestic markets are contributing to another year of favorable returns for most farmers. With prices of major crops holding close to a year earlier and marketings reflecting the 10-percent larger 1975 crop, the value of the crop reflects larger receipts from sales as well as some increase in carryover stocks. The gain in total cash receipts this year also reflects larger marketings of livestock and livestock products as well as higher average producer prices. Most of the gain in livestock receipts came during January-June when receipts were up about a fifth from first half 1975. Reflecting these gains, gross farm income this year probably will increase 7 to 9 percent from 1975.

Farm production expenses also will continue to increase. Prices paid for production inputs may rise more slowly as lower prices for fertilizer and small price increases for several other items dampen this uptrend. But increased plantings and large inputs of some production items will push up total production outlays, perhaps enough to largely offset the modest gain indicated for receipts. This suggests total net farm income in 1976 would average around the \$26 billion estimated for 1975.

General Economic Outlook

Following a sharp spurt in the first quarter, real economic growth slowed in the second quarter, as expected, but still continued to make a steady upward recovery.

Real output of goods and services rose at a 4.4-percent annual rate in April-June, on the heels of a 9.2-percent January-March rise. This slowing occurred mainly because inventory accumulation stabilized in the second quarter after a sharp upswing in January-March.

Consumption expenditures continue to gain, although some slackening occurred in April-June—

especially in the durable goods area.

Disposable personal incomes averaged around \$6,400 per person in the first half of 1976, up around 9 percent (3½ percent on a real basis) from a year ago. Although the unemployment rate edged up a little to 7.5 percent in June, it is still below the 8.9-percent recession peak of May 1975.

The general economic outlook for all of 1976 appears to shape up like so:

—Real output of goods and services likely will rise around 7 percent.

—The unemployment rate may decline to around 7 percent by the end of the year.

—Prices as measured by the GNP deflator likely will rise 6 to 7 percent

in the second half, and average around 6 percent higher for the year.

—Real per capita disposable income likely will increase around 3 percent.

—The real impetus to growth late this year and in 1977 will be the business sector. Real expenditures on plant and equipment are likely to rise only slightly in 1976 and rebound strongly in 1977.

What all this implies for agriculture is that the steadily rising consumer demand should absorb the larger food and fiber supplies projected in the agricultural sector. First half consumer expenditures for food and clothing increased around 8 percent from a year ago while tobacco was up over 12 percent. (Terry Barr)



COMMODITIES

The wild gyrations of the commodity markets have added considerable excitement to the commodity scene over the past month—but things should settle down some in the weeks ahead, barring any weather disasters.

Developments in July and August will remove many of the uncertainties about the size of 1976 crops. The corn crop should be well along in another month—and while it will be a bit later before there's a better fix on soybeans, all reports to date indicate the crop is developing well. The really "iffy" commodity right now is cotton, where farmers in some areas had a good deal of trouble getting the crop into the ground and where weather since planting time hasn't been so good.

Of course, taking some of the uncertainty out of the market won't necessarily take the steam out of prices. The supply-demand balance continues tight for a number of key commodities, especially cotton and soybeans. And even where prospective supplies are more ample, as in the case of wheat, uncertainty about crop conditions in West Europe and recent export sales will help maintain prices.

On the livestock side, production expansion continues at full tilt for pork, broilers, and dairy products. In cattle feeding, placements on feed have slowed as a result of the high feed prices and weak prices for fed cattle. Cattle feeders are losing money—in fact, many of them have been in the red since the start of the year. However, the basis for earlier optimism about longer term price improvement continues as the total cattle herd is being pared down and bright prospects for the 1976 feed grain

crop suggest some relief in feeding costs later this year.

Wheat Prices Strong Despite Forecast for Near-Record Output

The 1976/77 crop year began on a strong note with prices for most classes running 50 cents above year-earlier levels, even in the face of the second largest crop on record and an expected further buildup in stocks.

The early July strength in prices seemed to be supported by continued weather problems in the United States (the freeze in May and harvest-slowing rains), the re-entry of the USSR into the U.S. wheat market, the drought in Europe, and technical adjustments to rising corn and soybean prices.

Although unfavorable weather in some areas has dashed hopes for a record crop, 1976 wheat output may still hit the 2-billion-bushel mark for the second consecutive year. The 7-percent increase in plantings to about 80 million acres offset some of the yield decreases due to drought in the Plains and an early May freeze across the central sections. With a larger carryover this June 1, total supplies will about equal last year's 2.6 billion bushels, the largest since the early 1960's.

It looks like U.S. wheat exports will decline this year unless world grain crop conditions deteriorate significantly. The current export estimate ranges between 950 and 1,150 million bushels versus last season's 1,173 million bushels.

With total disappearance expected to fall short of production, some buildup in stocks seems probable. This would have

a price-depressing effect, and prices may average somewhat below 1975/76's \$3.52 per bushel. The pattern of price movements will continue to be influenced by U.S. and world grain crop developments. (George R. Rockwell, Jr.)

Rice Crop To Decline

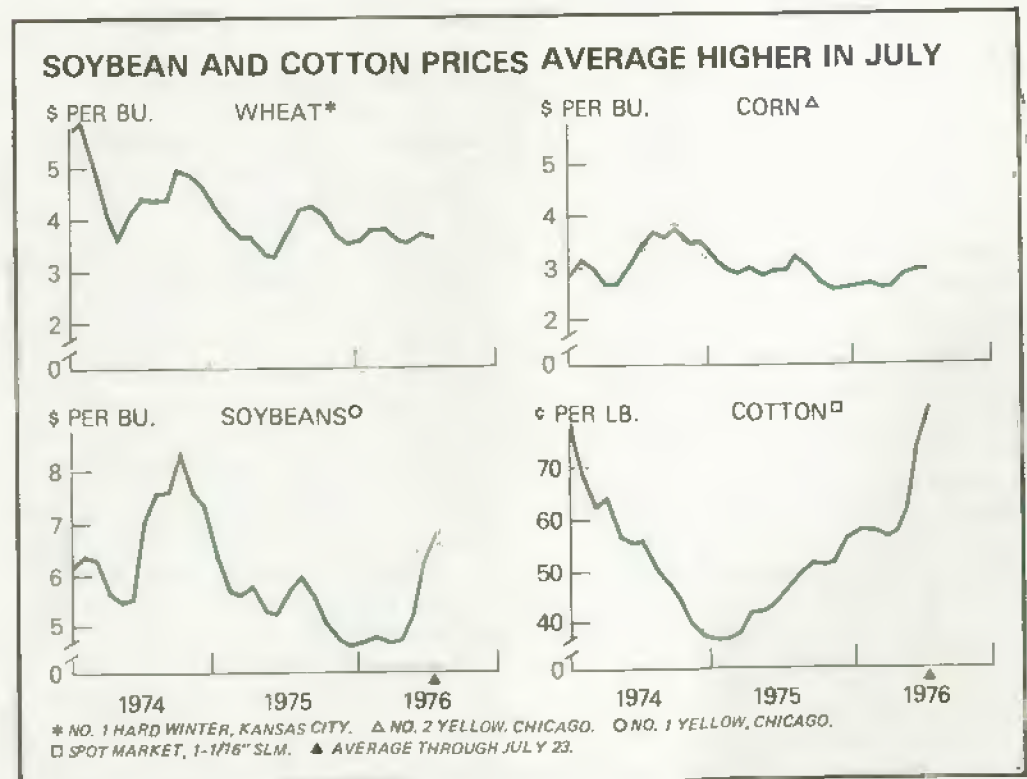
Growers, who now have a new 2-year rice program, cut back about 15 percent on their 1976 rice acreage, reflecting recent prices which were the lowest since 1972. But the largest carryover in years is more than offsetting, and the 1976/77 supply is forecast to be up about 5 percent.

If the world harvests another good rice crop, exports are likely to remain near this year, which won't be enough to prevent a further big accumulation of stocks. Prices could average around current levels but about a fifth under the 1975/76 average. In this case, prices would be below the target prices and deficiency payments would be triggered. (George R. Rockwell, Jr.)

Feed Grain Supply Tightens

Corn exports have skyrocketed in 1975/76 to an all-time high, estimated at 1.7 billion bushels for the year, almost half again as large as 1974/75 and more than a third larger than the previous record in 1972/73. Exports of the four feed grains (corn, sorghum, oats, and barley) likely will total about 55 million short tons in 1975/76.

The large corn exports, coupled with heavy domestic use, are more than using up the increase in the 1975/76 feed grain crop. Carryover stocks of



corn on September 30 may be down to 300 to 325 million bushels, well below the small carryover of 359 million a year earlier. Total feed grain stocks at the end of 1975/76 are likely to be around 16.8 million short tons, about the same as a year earlier.

Therefore, the immediate future in the feed grain and livestock economies is heavily dependent on 1976 harvests around the world, as well as on the state of the general economy here and in other major grain-using countries.

Even though present prospects are for a U.S. feed grain supply of nearly 240 million short tons in 1976/77, about the same as the relatively large supply of 1973/74, the current tight supply has strengthened prices recently and made them very sensitive to changes in crop prospects.

The farm price of corn is likely to average around \$2.55 per bushel in the current 1975/76 marketing year, compared with the all-time high of \$3.03 in 1974/75.

Feed grain exports in 1976/77 are likely to be smaller than in 1975/76 if prospects of a larger world grain crop materialize, particularly in the Soviet Union. But domestic feeding is expected to continue to expand as hog feeding hits full tilt, and relative feed prices favor grains over protein meal. Still, carryover stocks should increase from reduced levels this year, and prices are likely to average somewhat lower than in 1975/76. (George R. Rockwell, Jr.)

Soybean Exports Booming Now, But Could Slacken in 1976/77

Exports for 1975/76 (ending with August) are expected to hit an all-time high of 565 million bushels, up from 421 million last year. The big gains have been in sales to Western Europe where livestock feeding prospects have improved. The USSR received over 11 million bushels of U.S. soybeans through July 9; none were shipped in 1974/75. The slow movement of new-crop beans from Brazil during April and May also prodded U.S. exports this spring.

Soybean acreage for harvest in 1976 is estimated at about 48 million acres, down about a tenth from the previous year. Larger corn and cotton acreage primarily accounts for the decline in soybean plantings, due to a more favorable profit outlook for these crops last spring. If yields are near normal, soybean production this year may approximate 1.35 billion bushels, roughly a tenth below 1975. Adding in the carryover, supplies for 1976/77 may total about 1.55 billion bushels, also down about a tenth.

Total soybean disappearance is expected to decline slightly in 1976/77

AREA HARVESTED OF MAJOR CROPS¹

Crop	1973	1974	1975	1976	Change ²
				Indicated	1975-76
				Million acres	Pct.
Corn ³	61.9	65.4	66.9	72.4	+8.3
Sorghum ³	15.9	13.9	15.5	14.7	-4.5
Oats	14.1	13.2	13.6	13.1	-4.2
Barley	10.5	8.2	8.7	8.4	-3.8
Feed grains	102.3	100.6	104.8	108.7	+3.7
Winter wheat	38.5	47.0	51.5	49.2	-4.6
Durum wheat	2.9	4.1	4.7	4.6	-1.7
Other spring wheat	12.5	14.5	13.4	16.5	+22.4
Total wheat	53.9	65.6	69.7	70.2	+8
Rice	2.2	2.5	2.8	2.4	-13.1
Rye	1.0	.9	.8	.9	+6.8
Soybeans	55.8	52.4	53.6	48.2	-10.1
Cotton	12.0	12.6	8.8	(⁴)	—
Flaxseed	1.7	1.7	1.5	.9	-38.5
Peanuts	1.5	1.5	1.5	1.5	+5
Tobacco	.9	1.0	1.1	1.0	-5.8
Sugarbeets	1.2	1.2	1.5	1.5	-2.0
Sugarcane	.7	.7	.8	.8	+1.0
Dry edible beans	1.4	1.5	1.4	1.5	+1.2
Winter, spring and summer potatoes	.2	.3	.2	.2	+9.4
Fall potatoes	1.1	1.1	1.0	(⁴)	—
Total potatoes	1.3	1.4	1.3	(⁴)	—
Hay	62.1	60.6	61.9	61.1	-1.3
Total ⁵	298.3	304.7	311.9	—	—

¹Harvested for principal use of each crop; totals may not add due to rounding. ²Calculated from unrounded data. ³For grain. ⁴Available in *Crop Production* released Aug. 12. ⁵Also includes dry edible beans, popcorn and sweetpotatoes; excluded are corn and sorghum for silage and forage.

as both crushings and exports slip somewhat. Competitive price relationships conducive to heavier corn feeding should result in a decline in soybean meal feeding rates, cutting domestic demand for soybean meal. Also, higher U.S. soybean prices and competition from Brazilian soybeans may tend to dampen exports and restrict crushings.

Total disposition likely will exceed 1976 production by about 100 million bushels, leading to a sharp drawdown in stocks. Carryover on September 1, 1977, may be down to around 100 million bushels, less than 1 month's current requirement for crush and exports.

Soybean prices received by farmers during 1976/77 probably will average \$5.75 to \$6.75, compared with the \$5.00 per bushel estimated for 1975/76. A contra-seasonal price pattern is expected, with prices higher early in the year but trailing off into the season. Competition from Brazilian soybeans and larger domestic soybean acreage in 1977 is expected to add downward pressure on prices in the latter half of the season. (Stanley Gazelle)

Rising Cotton Prices Dampen Domestic Use Prospects

Current high cotton prices reflect robust foreign demand for U.S. cotton, tight supplies due to this summer's relatively low carryover, and uncertain 1976 crop prospects. Spot market prices for SLM 1-1/16 inch hit a high of 87 cents per pound on July 6, up about 18 cents from a month earlier and the highest since the Civil War. Although prices have weakened some since early July, they remain well above a year ago.

Domestic mill consumption during 1976/77 may total 6 to 7 million bales, moderately below our earlier estimate and down from this season's expected 7.2 million. With cotton prices around 50 percent above manmade fiber staple, mills will use more manmades, particularly in the last half of 1976/77.

However, foreign demand for U.S. cotton is expected to step up next season as textile activity continues to rebound from the recent worldwide recession. U.S. exports of 4 to 5 million bales are indicated, up from nearly 3½ million shipped during 1975/76. With larger exports, cotton use is expected to total

between 10½ and 11¼ million bales, compared with 10.6 million this season.

Based on the 23-percent larger acreage planted to the 1976 U.S. crop, production should total sharply above last year's depressed 8.3 million bales, especially if yields are more normal. Planted acreage is estimated at 11.7 million acres, compared with 9½ million last year. However, some intended acreage on the Texas High Plains was not planted because of drought. And with the Delta crop off to a slow start because of cool wet weather, the current tight supply-demand balance is expected to continue in 1976/77.

So the major uncertainties relating to the 1976/77 cotton outlook include the impact of recent adverse weather on cotton yields, the impact of high cotton prices on domestic mill consumption, and the impact of foreign supply and demand developments on U.S. exports. Of greater certainty is that combined mill use and exports will about match the 1976 crop, meaning that ending stocks will likely remain near this summer's relatively low 3½ million bales. (Russell G. Barlowe)

U.S. Wool Prices To Benefit From Hike in Australian Supports

U.S. and international wool prices, already much higher than a year ago, got a further shot in the arm in July when the Australian government increased the minimum reserve price on wool for the "whole clip average" by about 14 percent over last season. The actual increase amounts to about 16 cents (U.S.) per clean pound, based on the mid-July exchange rate between the U.S. and Australian dollars.

The new average support level of about U.S. \$1.32 per clean pound will go into effect when the 1976/77 Australian auction season begins in August. U.S. prices will not be affected immediately because Australian prices, by grade, at the close of the 1975/76 auctions were higher than the new supports. However, the higher support is expected to shore up international wool prices and, consequently, U.S. prices for the next 2 years at least.

The floor prices for the coarser types of wool were increased proportionately more than for the finer wools, reflecting the Australian Wool Corporation's disproportionately large holdings of fine to medium wools.

U.S. farm prices in June averaged 69 cents per pound, grease basis, about the same as for April and May but way above the year-earlier 49 cents per pound. For the year, farm prices should average in the 65-to-70-cents-per-pound range, compared with 1975's 45 cents.

Demand for apparel wool continues strong with mills reportedly booked

solid for the remainder of the year. Apparel wool mill use will likely total between 107 and 112 million pounds, clean basis, compared with last year's 94 million and the 75 million of 2 years ago. (Sam Evans)

Flue-Cured Tobacco Production Down, Prices Up

The 1976 flue-cured tobacco crop sales began July 8, and prices during the first 10 sales days averaged around 9 percent above last year. Sales, consisting largely of low stalk tobacco, returned 96 cents per pound, compared with 88 cents a year ago.

Due to a reduced poundage quota, this year's crop is estimated at 1,318 million pounds, 7 percent smaller than the 1975 crop. Even with the smaller crop, a boost of about 180 million pounds in carryin stocks will still provide a slight increase in total supply. However, the flue-cured supply remains about in balance with increasing use, primarily in cigarettes. U.S. cigarette consumption July 1975 through May 1976 was about 3 percent above a year earlier. However, exports through May were 3 percent behind last season.

Demand for priming grades of flue-cured, which constituted most of the early offerings, is weak. Nearly a third of the first week's marketings went under loan versus 44 percent last season. Loan rates for specific grades reflect an average support level of \$1.06 per pound, up from 93 cents last season. Higher supports in 1976 and stronger demand for upper stalk tobacco will boost market averages substantially as the season progresses.

Last year the season-average ended 15 cents per pound higher than the opening week. In 1974, when demand was unusually strong, the record high average ended 20 cents above the opening price. This range would mean an average of \$1.07 to \$1.14 per pound in 1976. A smaller crop with quality equal to or better than in 1975 will likely return near \$1.12 per pound for the season. (Richard Hall)

Apple Production Down, Record Grape Crop In Prospect

Noncitrus fruit production for 1976 will be near last year's utilized level, on the basis of July 1 prospects, with the apple crop substantially below last year but the California grape crop slated for a record high.

The initial U.S. apple forecast of the 1976 season is 6.1 billion pounds, 14 percent below last year's record crop and 6 percent under 1974. Every region suffered cuts due, in most cases, to spring freeze damage and generally unfavorable pollination weather.

With the much smaller crop, f.o.b. prices are expected to open higher than last year's low levels. In addition, the large decrease in apple production in the Eastern States, where a large proportion of the crop is used for processing, may result in prices to growers well above last year's disaster levels.

California's grape crop is expected to hit a record 4.25 million tons this year, 9 percent above 1975, due in large part to the continued increase in the acreage of wine grapes coming into production. Estimated wine variety production is at a record 1.5 million tons or 16 percent

U.S. PRODUCTION OF SELECTED NONCITRUS FRUIT¹

Crop	Utilized		Indicated
	1974	1975	1976
Thousand tons			
Apples	3,242	3,544	3,057
Apricots	94	170	180
Cherries, sweet	144	154	148
Cherries, tart	132	123	72
Grapes, California	3,787	3,886	4,250
Nectarines	115	111	125
Peaches ²	1,446	1,409	1,558
Pears	737	738	761
Plums, California	143	126	120
Strawberries ³	241	240	259
Total	10,081	10,501	10,530
Prunes, California ⁴	142	150	160

¹ As of July 1, 1976. ² Includes Clingstone culls and cannery diversions. ³ Excludes some minor producing States. ⁴ Dried basis.

more than last year's big crop. Raisin variety output, estimated at 2.25 million tons, is 2 percent above 1975, while table variety production at 0.5 million tons is up a fifth.

Because the shipping season started generally earlier this year, fresh grape shipments have been well ahead of last year's pace. F.o.b. prices are running moderately to substantially below a year ago, and prices will likely continue lower through the fall. (Andrew Duymovic and Ben Huang)

Fresh Vegetable Supplies Down A Bit

Supplies of 14 summer fresh market vegetables may be only slightly smaller than a year earlier, based on average yields of the past 3 years. In addition, substantially higher production from summer non-storage onion acreage would probably be offsetting so that total output of fresh vegetables in the summer would be very close to 1975. With fresh vegetable prices to growers already substantially below a year ago, the usual summer seasonal decline will seem longer in 1976.

Supplies of onions, peppers, and celery will probably be more generous, but reduced amounts of lettuce, cabbage, and tomatoes may be expected. A larger supply of watermelons will not likely offset tonnage from a reduced cantaloup and honeydew acreage.

With large carryovers of most important canned and frozen vegetables, the industry has planned substantial cutbacks in 1976 processed vegetable production. Average yields from 14 percent less acreage would result in materially smaller packs of several leading vegetables. Nonetheless, total supplies again are expected to be ample.

The California tomato crop may be large enough to result in continued heavy supplies, provided there are no prolonged plant closings because of labor-management disputes.

Canned pea supplies may again be too large for expected use, but acreage cuts in sweet corn and snap beans promise smaller packs and reduced supplies for 1976/77. For other canned vegetables—beets, sauerkraut, and lima beans—moderate cuts would bring supplies in line with recent annual use. The total supply of frozen vegetables in 1976/77 promises to be smaller than the large supply of a year earlier.

The summer potato crop of 22.4 million cwt. is 7 percent larger than a year ago. Both acreage and yields are up, and, even though the crop is not large by historical standards, it came on the heels of larger than expected spring supplies. This has tended to keep prices under some downward pressure. Summer 1976 prices are not showing

typical seasonal highs thus far, though prices strengthened some in late July. July stocks of frozen potato products were down 15 percent from the unusually large total on the same date in 1975. (Charles W. Porter and Joseph Podany)

Larger Beef Output Prevents Seasonal Price Rise

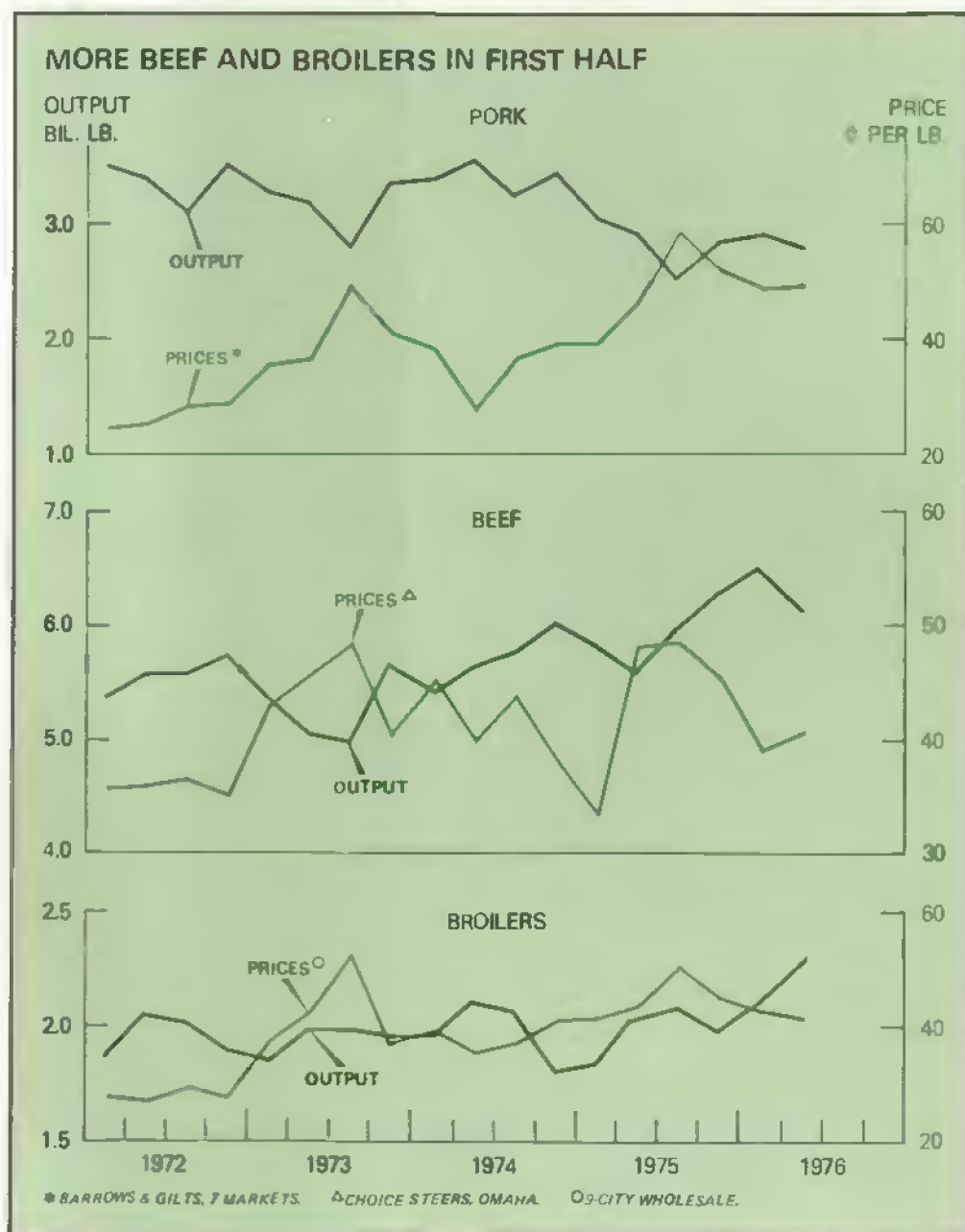
The optimism of cattle feeders in early 1976 for a midyear recovery in fed cattle prices quickly faded as seasonal reductions in cattle slaughter this spring failed to produce significant price gains.

Fed cattle prices during the first half of 1976 averaged near \$40 per 100 pounds, the lowest first half level since 1972. Record first half cow slaughter, in addition to a 17-percent increase in the fed beef supply, raised first half beef production 11 percent above a year ago, pressuring the fed cattle market.

Most cattle feeders have been operating in the red since January, and recent sharp increases in feed costs cloud the profit picture for the balance of 1976. However, early prospects for the 1976 feed grain crop are favorable and suggest the possibility of some relief in feeding costs later this year.

Over the longer term, the outlook for higher fed cattle prices continues. After several years of increase, the total cattle herd turned down last year, and further significant declines are taking place in 1976. This will limit potential increases in beef production for 1977 and over the next few years.

Sharp advances in feed grain prices in early July and uncertainty about forage feed supplies are boosting slaughter rates this summer, delaying expected advances in fed cattle prices. After several months of losses, cattle feeders are cutting back on demand for feeder cattle, which is lowering feeder



cattle prices and encouraging additional culling of the cow herd. Total cattle slaughter this summer, however, may be no larger than a year ago and some reduction in slaughter may be in prospect for the fall, as nonfed slaughter runs well below a year ago.

Second half cattle slaughter may total less than a year ago. Increases in average slaughter weights will hold beef output high, but perhaps below the first half and only slightly larger than a year earlier. Under these supply conditions, some improvement in the fed cattle market is likely by late summer and early fall, with fed cattle prices advancing into the mid-\$40's.

This year's cattle and calf slaughter rates are expected to shave the cattle inventory another 5 to 7 million head by the beginning of 1977, contributing to a modest reduction in cattle slaughter in 1977. Increases in fed beef supplies likely won't offset reductions in nonfed slaughter, but higher slaughter weights would hold 1977 beef production near or slightly below this year's record high. (George Hoffman)

Increase in Pork Production Tied to Grain Market

Hog slaughter during the first two quarters of 1976 fell about 6 percent short of 1975, but larger marketings during the second half will be more than offsetting. For all of 1976, commercial pork production may be up 5 percent over last year's low level, and increased marketings are in prospect for the first half of 1977.

Slaughter hogs marketed during the first half of 1977 will be drawn mainly from this fall's pig crop which producers indicate will be up 18 percent. The early summer runup in grain prices may give some producers second thoughts about continued expansion, but most decisions for the fall pig crop were made while hog feeding continued quite profitable. If reported farrowing intentions are met, hog slaughter during the first 6 months of next year could be up 15 percent or more over the comparable 1976 slaughter level.

The 1977 hog supply situation could parallel that of 1974 with around 40 million head moving to slaughter by mid-year. Market hog prices averaged \$33 per 100 pounds through the first half of 1974. The potential increase in slaughter next year likely will be large enough to push 1977 hog prices well below first half 1976. But with an improving economy and continued growth in consumer incomes, prices should hold above 1974—possibly averaging in the upper \$30's.

It is difficult to estimate how long producers will continue to expand their herds. The turnaround in farrowings

FARM CROP PRICE RISE OFFSETS LOWER LIVESTOCK



which began with a 16-percent jump in the December-February pig crop was faster than anticipated. Pork producers also reacted to the unfavorable hog prices and high grain prices in 1974 when hog inventories were cut by more than 10 million head within a year.

The critical variable remains the relative profitability of hog feeding versus the cash grain market. If crops are large and the farm price of corn weakens before the end of the year, the price relationship between cash grain and hogs would provide livestock-feed grain producers with a fairly clear incentive to expand hog production.

While projections are tentative and are tied to developments in the crop sector, the situation outlined above points to an increase of 10 to 15 percent in the 1977 spring pig crop. Most of these hogs would be slaughtered during the second half of the year. This would suggest an increase in slaughter for 1977 of around 15 percent.

If grain supplies are tight with prices holding near current levels through this fall, hog producers likely would find themselves in a cost-price squeeze. This could result in a downturn in production late in the second half of 1977. (Eldon Ball)

Broiler Output Record High; More Eggs Produced

Broiler meat output is running at record levels and indications are that it will continue to do so through the balance of 1976. However, broiler producers may find themselves in a cost-price

squeeze late in the year and in 1977 as prospects for continued tight supplies of soybean meal and relatively high prices imply higher production costs. Also, larger supplies and lower prices for pork are expected to put downward pressure on market prices for broilers. Thus, the expansion in broiler production may be halted in 1977.

The nine-city wholesale price for broilers averaged nearly 42 cents a pound in the first half of 1976, slightly below a year earlier. Prices are expected to average in the low to mid-40-cents-a-pound range this summer before dropping to 40 cents or below in the fall. This would be substantially below the 50 cents a pound of last summer and 45 cents in the fall of 1975.

Turkey meat output was around a fourth above year-earlier levels during the first 6 months of 1976. The percentage increase over 1975 will narrow in the second half but remain well above last year. Total output for 1976 is expected to be up around 12 percent.

Wholesale prices for young hen turkeys averaged nearly 49 cents a pound in January-June, about 1 cent below 1975. Increased supplies of turkey meat, along with larger supplies of other meat and lower prices, will likely keep turkey prices below 1975 through the remainder of 1976. Prices are expected to average in the low 50-cents-a-pound range during the second half.

Increased production costs and lower than 1975 market prices will likely put turkey producers into a cost-price squeeze in coming months (the main

marketing period for turkey). This suggests a moderate drop in turkey production in 1977.

Egg output is expected to be 1 to 2 percent above 1975 during the second half. Layer numbers will be gaining and the rate of lay will continue above a year earlier. Prices are expected to increase seasonally in coming months and average in the low to mid-60-cents-a-dozen range during the second half of 1976.

Increased production costs and reduced needs for eggs for hatching use may keep egg production in 1977 about the same as in 1976. (Gerald Rector)

Milk Production Keeps on Gaining

Continued expansion in milk production is probable for the rest of 1976, as milk-feed price relationships are expected to favor heavier feeding of concentrates.

Although pressures for greater herd culling are building, the declines from a year earlier in milk cow numbers likely will remain modest.

First half milk output was up around 3 percent from a year earlier, and total 1976 output could exceed 1975's 115.5 billion pounds by around 3 billion pounds. The gain could be higher or lower depending on cull cow prices, milk prices, feed costs, or developments in the general economy.

If indicated crop production is up this year as now seems likely, milk production may continue to expand in 1977, although the rate of gain will likely slow from 1976's rapid increases.

The strong undertones of recent months in wholesale dairy product and manufacturing milk prices would appear to be a harbinger of substantial seasonal rises in farm milk prices this summer. Increases in milk supplies have readily been absorbed by the commercial market as stocks have been rebuilt and sales brisk. (James Miller)

August Situation Report Schedule

Situation reports which will be released by USDA's Outlook and Situation Board during August 1976 include:

Title	Off Press
Vegetable	August 4
National Food	August 11
Livestock & Meat	August 13
Agricultural Supply & Demand	August 13
Export Outlook	August 18
Fats & Oils	August 24

Single copies of the above reports may be obtained by writing to: ERS Publications Unit, Room 0054, South Building, USDA, Washington, D.C. 20250.



TRANSPORTATION

General optimism prevails about the transportation system's ability to move agricultural commodities, both domestically and for export, during the rest of 1976. However, some shippers in areas with bumper corn harvests could face railcar shortages in the post harvest season as they did in 1975. Additionally, the present tight truck supply for movement of perishables may continue for a few more weeks.

The transportation system is better equipped to handle larger export movements of bulk commodities than it was a few years ago. Covered hopper cars, rather than the less efficient boxcars, now carry most of the grain moved by rail, and railcar locating systems are improved. Comparing the first 6 months of 1976 with year-earlier levels, barge shipments are up nearly two-thirds and rail carloadings are nearly a tenth greater. Thus, the transportation system is functioning at a high level of production and without major delays. The overall adequacy of the free world ocean fleet and the agreement to use some Soviet ships minimize the possibility of severe problems in exporting expected large volumes of grains in 1976/77.

GRAIN SHIPMENTS

	Barge shipments	Railcar loadings
Jan.-June	Mil. bu.	Thou. cars
1973	436	822
1974	471	743
1975	486	580
1976	805	626

Currently, there is sufficient capacity for increased exports through port elevators, according to analyses of Gulf and Pacific ports. However, partial rail embargoes remain in effect in Houston for bulk grain, grain products, and meal shipments and in Reserve, Louisiana, for grain and grain products loaded in boxcars. New elevators in Galveston and New Orleans should begin operating this fall.

Rail Rate Increases Continue

According to the U.S. Department of Labor, farm product rail freight rates increased 14 percent during the past year, while rates for food products were up 12 percent. The May rail freight index for farm products was up more than 2 percent from April and the food index increased somewhat less than 2 percent. However, there were negligible changes for both indexes between May and June.

Further rises in rail rates are expected soon for freight interchanged between the western railroads and the eastern and southern railroads. The western carriers, who did not fully participate in the March 1976 general rate increase, are proposing a 5-percent raise on all freight, except where increases of 5 percent have already been instituted. Thus, these new increases would affect grain and grain products excluded in the March rate boost. The March 21, 1976, general rate increase by the eastern and southern carriers amounted to 7 percent.

Seasonal Truck Shortage Continues

The tight truck supply situation for movement of perishables has become more widespread, and industry sources say the problem may last at least until September. Shortages reported in May for Florida have diminished, but shortages have also shown up in Alabama, Virginia, Texas, and California.

The problem is related to a growing dependence on trucks by the produce industry. Shortages were perhaps aggravated this summer by the larger production of most crops and manufactured goods that also usually move by truck. Regulated truck movements continue to post significant increases over year-earlier levels in tonnage of all freight handled.

Locks and Dam 26 Hearings Underway

Hearings are underway by the Senate Water Resources Subcommittee on the controversial Mississippi River Locks and Dam 26 located at Alton, Illinois. The current controversy revolves around whether there should be a complete rehabilitation of the existing structure

which would affect the capacity of the facility for between 1 and 3 years, or replacement of the structure downstream with a new dam and larger locks. Neither will solve the present delays, which in 1975 averaged around 6 hours. Peak seasonal traffic delays reached in October were reported to have averaged 21 hours last year.

Locks and Dam 26 are an important part of the Midwest grain transportation system. All through traffic between the Upper Mississippi and Illinois Rivers and the Ohio and Lower Mississippi Rivers must pass through these locks. Of the more than 50 million tons of commodities moving through the locks last year, nearly half was grain bound for export. The importance of the locks was demonstrated last April when closure caused delays up to 8 days and reportedly idled more than 1,000 barges and 85 tow boats. Traffic delays in barge shipments of grain at the locks and dam can result in additional costs to waterway operators and shippers and could bring lower prices for grain.

Rural Road Funding Lags

The adequacy of rural roads to meet current and projected traffic needs is an area of concern to agriculture and rural communities. The latest reports available indicate that the quality of rural roads is highly variable, with more than three-fifths of all rural arterial and collector (feeder roads) identified by the States as being deficient. Half of the rural feeder mileage in the United States is thought to be unsuited to continuing heavy truck traffic. Yet rural areas are not only producing more farm, forest, and mine products, but they also are relying increasingly on trucks to move these products to markets.

Construction and maintenance cost increases for rural roads have outpaced gains in revenue. In constant 1967 construction dollars, State capital outlays for rural roads declined by about 40 percent between 1970 and 1975. In the

same period, local governments spent about 10 percent less on rural road construction and 6 percent less on rural road maintenance in 1967 dollars than was spent 5 years earlier. If these reduced real expenditure levels continue, the quality of rural roads is expected to deteriorate unless fewer miles of road are maintained for public use.

New Rate Rules Proposed

The Interstate Commerce Commission, as called for in the Railroad Revitalization and Regulatory Reform Act of 1976, has recently proposed rules to facilitate the publication of seasonal, regional, and peak period rates for rail services. The proposed rules would be expected to allow for greater seasonal flexibility in rates, and could have important implications for agriculture.

Many agricultural commodities, including grains and perishable produce, are harvested in a short season in most areas. Some areas are, at times, without adequate local storage facilities, so some of the grains must be moved to terminals during harvest periods. The perishables must move quickly to consumers or processors. Therefore, seasonally variable rail rates may result in higher annual transportation costs for many agricultural shippers, at least for an interim period, until the quantity and location of storage and processing facilities are adjusted. On the other hand, shippers with adequate storage may find it feasible to achieve lower annual transportation costs. (Jerome J. Hammond)

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INPUTS

Farmers paid about 1½ percent more in June for production items, interest, taxes, and wages than in May, and around 7½ percent more than last June. Prices moved up rather slowly in the early months of 1976, but sharply higher feed prices pushed the overall prices paid index up at midyear.

Although farm machinery prices continue to rise, the rate of increase has slowed considerably. Prices of tractors and self-propelled machinery in June were up about 11 percent from a year earlier, but that was still only about half the year-to-year rate of increase in 1975.

Feeder livestock prices eased at mid-year, although prices were still 11 percent above last June. Fertilizer prices are well below both last spring and last fall. Interest, taxes, and farm wage rates continued to move higher and were up 7, 4, and 10 percent, respectively, over June 1975.

Prices farmers pay for farm-originating inputs (feed, feeder livestock, and seed) have risen about 8 percent from January to June—led at first by feeder livestock and more recently by higher feed prices. At the same time, prices of nonfarm inputs have held fairly steady this year. Lower fertilizer prices helped offset increases for machinery and other items.

This is in sharp contrast to the situation of the past 2 years. In 1974 and 1975, annual price increases of nonfarm-originating inputs averaged more than 20 percent, with fertilizer, chemicals, and farm machinery all registering particularly sharp gains. On the other hand, farm-originating inputs actually declined slightly during those 2 years.

CAPITAL AND MAINTENANCE DISBURSEMENTS FOR RURAL ROADS

Year	Capital			Maintenance		
	State	Local	Total	State	Local	Total
1967 Mil. \$ ¹						
1970	5,491	748	6,239	1,436	1,264	2,700
1971	5,227	734	5,961	1,444	1,237	2,681
1972	4,882	743	5,625	1,421	1,219	2,640
1973	4,113	732	4,845	1,452	1,233	2,685
1974	3,417	651	4,068	1,386	1,188	2,574
1975 ²	3,306	672	3,978	1,405	1,134	2,539

¹ Current dollars were deflated using the price indices for rural Federal-aid highway construction. ² Preliminary.

Over the longer run, prices of inputs of farm origin have shown the greatest variation while nonfarm inputs have increased steadily.

Feed Prices Pick Up

Feed prices strengthened substantially by midyear, reflecting higher prices of grains and oilseeds. Farmers were paying 9 percent higher feed prices in June compared with the beginning of 1976.

Feedstuff prices have been very erratic the past several weeks due to weather conditions throughout the country and rumors of increased export sales. Buyer demand for feedstuffs varied as to market and type of ingredient. In general, most manufacturers tended to buy on an as-needed basis.

Feed sales across the country were mixed. Improved pastures in many regions cut back on overall feed demand. Dairy feed sales showed some improvement. Cattle feed sales were mixed, with some regions having increased demand for manufactured feeds. Demand for hog and poultry feeds remains strong. Turkey feed sales remain good, reflecting higher seasonal requirements. (Carl J. Vosloh, Jr.)

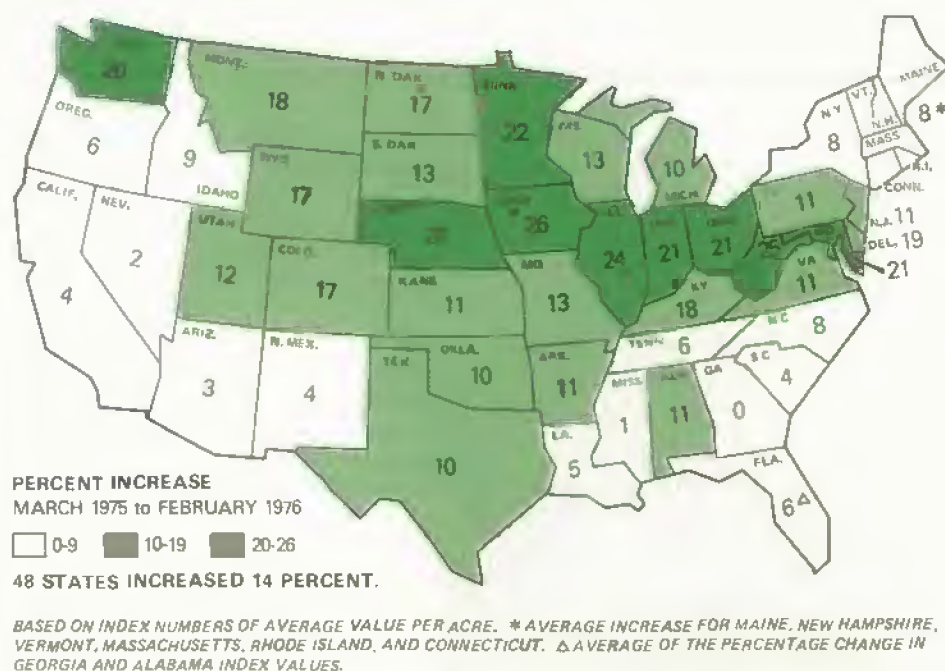
Little Increase Likely for Fuel Prices

Gasoline and diesel fuel supplies are plentiful, and farmers should have no problems obtaining sufficient fuel for farming operations. While gasoline prices are up 1 or 2 cents per gallon since the first half of the year, they are still below the fall of 1975. Little additional increase in price through the summer is expected. There is some indication that price and allocation regulations may be removed from gasoline at the end of September. This would occur after the peak seasonal use of gasoline, so significant price increases are not expected.

Price and allocation regulations on No. 2 heating oil, diesel fuel, and other middle distillates ended June 30. Not enough time has elapsed to gauge the price response to this action, but the Federal Energy Administration has indicated that it would take action if prices for next winter's heating oil rise more than 2 cents per gallon. It seems doubtful that diesel prices will rise more than 1 or 2 cents per gallon this season.

No significant increase in LP gas prices is expected this fall as LP gas supplies have increased substantially over inventories of a year ago. The American Petroleum Institute reports inventories at the end of May totaled 79 million barrels, up from 65 million barrels on May 31, 1975. Even with this increased inventory, farmers should make sure that their farm storage facili-

FARMLAND VALUES SHOW STRONGEST RISE IN MIDWEST



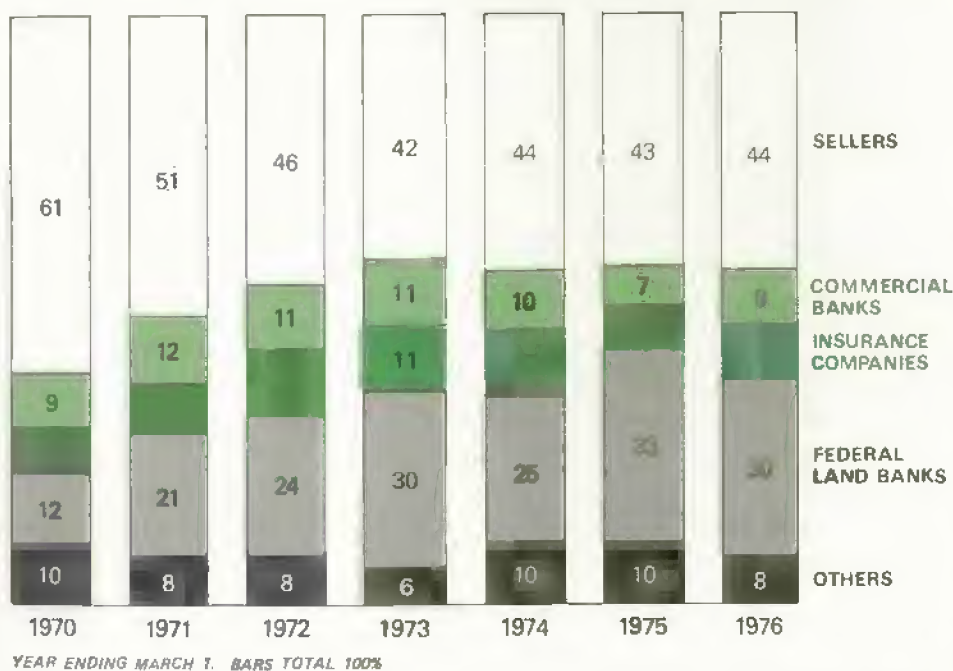
ties are filled well before the peak need for crop drying this fall. Otherwise, local distribution problems could cause spot shortages during periods of peak demand.

Natural gas continues to be in scarce supply with interstate pipelines projecting shortages in excess of 25 percent of requirements for the coming winter. The anticipated shortages will be most severely felt in the East, the Southeast, and the Gulf Coast areas.

On July 27, the Federal Power Commission (FPC) announced a new price schedule for interstate natural gas. Instead of the current \$0.52 per 1,000 cubic feet (mcf), the new rates are \$1.42 per mcf for gas from wells dedicated to interstate commerce since January 1, 1975, and \$1.01 per mcf for gas from wells producing since January 1, 1973, if contract provisions allow for price changes.

Such increases are designed to raise

LAND BANKS GROWING LENDER FOR FARMLAND PURCHASES



the price per btu of natural gas closer to rates for other fuels and to stimulate exploration and production of gas. Several consumer groups have announced they will file suit to rescind the FPC action. (Earle Gavett and Pat Devlin)

Farmland Values Still Rising

Farm real estate market activity is expected to be steady to higher during 1976. Inquiries for farm tracts are up, and credit is more available than a year ago. Land values may rise 8 to 10 percent in the year ending February 1977, presuming a relatively favorable income situation.

Farmland values jumped 14 percent between March 1, 1975, and February 1, 1976, raising the U.S. average from \$354 to \$403 an acre. This continues the strong upward trend in land values that began in 1972. During the past 5 years, values across the Nation have doubled, with the Corn Belt and Northern Plains States leading the advance.

The total value of U.S. farm real estate as of February 1 was almost \$421 billion, up about \$51 billion since March 1975. The average value of a farm operating unit was \$165,000.

Inquiries for farm tracts are up since a year ago, but the number of tracts offered for sale is holding steady to slightly lower. This scarcity of listings will contribute to the price increases expected this year.

Farm enlargement is the dominant reason for purchasing farmland. Over the past 6 years, 55 to 60 percent of all farm purchases were for farm enlargement, 26 to 33 percent for use as complete units, and 11 to 15 percent for part-time farms. (Larry Walker)

Farmland Credit Restrictions Ease

Credit availability is a significant factor affecting farmland market activity and actual farmland values—87 percent of all real estate transfers during the year ending this March 1 involved credit financing. In contrast, in the late 1940's, only around half of farms sold were financed with credit.

Reporters' opinions on the availability of credit reflect continued general easing of credit restrictions across the Nation, partly due to the stabilization of interest rates.

An analysis of new money loaned by type of lender shows that sellers remain the most important source of funds. During the year ending March 1, 1976, reporters indicated that 44 percent of all credit extended for transfers came from sellers, up 1 percentage point from the previous year but still far below the 61-percent level of 1970.

Federal land banks (FLB's) provided 30 percent of all farm real estate credit extended, continuing as the second most

important source of funds. Although down from 33 percent in 1975, FLB's have increased their share of the market from around 12 percent in 1970. Meanwhile, commercial banks and insurance companies each increased their share of the loan market over the previous year.

Total farm real estate debt outstanding as of January 1, 1976, was almost \$51 billion, up 10 percent from a year earlier.

Demand for loans to finance farm operating expenditures, capital purchases, and other needs have continued strong this year. Cattle feeding is requiring more loan funds after large reductions in borrowing activity during 1974 and the first half of 1975.

Outstanding loans of Production Credit Associations (PCA's) at the end

of May 1976 were 12 percent above a year earlier. Rural banks, the most important supplier of farm loan funds, are reported to be well supplied with loanable funds, and their loan volume is rising.

The general condition of the farm loan market is strong, with few problem areas. Interest rates have been relatively stable this year, averaging between 8½ and 9 percent.

Nonreal estate farm debt totaled \$39 billion beginning 1976, up 12 percent from the previous year. Loans of banks and PCA's increased at about the same rate—11 and 13 percent, respectively. However, since 1970, PCA loan activity has risen much more rapidly than commercial bank activity. (Philip Allen and Larry Walker).

FARM DEBT OUTSTANDING

Lenders	January 1 ¹				Change ²	
	1970	1974	1975	1976	1970-76	1975-76
	Bil. \$				Pct.	
Real Estate Debt:						
Federal land banks	6.7	10.9	13.4	16.0	139	19
Life insurance companies	5.7	6.0	6.3	6.5	14	4
All operating banks	3.5	5.5	6.0	6.3	78	6
Farmers Home Adm. ³	2.3	3.0	3.2	3.4	48	5
Total institutional lenders	18.2	25.3	28.9	32.1	76	12
Individuals and others ⁴	11.0	15.9	17.4	18.7	71	8
Total	29.2	41.3	46.3	50.9	74	10
Nonreal Estate Debt:						
All operating banks	10.3	17.2	18.2	20.2	95	11
Production credit assoc.	4.5	7.8	9.5	10.8	140	13
Federal intermediate credit banks ⁵ . . . . .	.2	.3	.4	.4	61	-6
Farmers Home Adm. . . . .	.8	.9	1.0	1.8	126	70
Total institutional lenders	15.8	26.2	29.2	33.1	109	14
Individuals and others ⁶	5.3	5.9	6.1	6.4	19	5
Total (excluding CCC)	21.2	32.1	35.2	39.4	86	12 ^a
Commodity Credit Corp. loans						
	2.7	.8	.3	.4	-87	12 ^a
Total Farm Debt	53.0	74.4	81.8	90.6	71	11

¹ Totals may not add due to rounding.

² Calculated from unrounded data. ³ Includes direct and insured farm ownership, farm housing, soil and water related loans secured by farm real estate. ⁴ Includes seller and other individual financing of farm real estate

sales and unclassified credit sources. ⁵ Loans to and discounts for other financial institutions. ⁶ Includes merchants and dealers, individuals, and all other unclassified credit sources.



FOOD AND MARKETING

Average retail food prices have been relatively stable so far this year, in contrast to the rapid increases which characterized most of the 3 preceding years. The small increases recorded during each month of the April-June quarter did little more than counterbalance the declines in earlier months this year. Consequently, second quarter retail food prices averaged essentially the same as those in the first quarter, which in turn were nearly identical to those of the last quarter of 1975. However, due largely to increases which occurred last summer, second quarter food prices remained over 4 percent above a year earlier.

Prices are expected to rise moderately through the remainder of the summer with third quarter prices likely averaging 1 to 2 percent above the second quarter and 2 to 3 percent above a year earlier. Moderate price increases are expected for dairy products, poultry, eggs, and fishery items as demand remains strong in relation to anticipated supplies and as marketing costs continue to edge upward. Beef and veal prices, which have been somewhat lower than expected so far this year, are likely to strengthen once the large number of heavy cattle now on feed moves to market. Increasing output and declining prices for pork may be partially offsetting.

As recent strength in grain and oilseed markets begins to be reflected at the retail level, prices for cereal and bakery products, as well as for vegetable oil products, are likely to turn up—following more than a year of generally stable or declining prices. Retail coffee prices are also expected to

advance, reflecting sharp increases in coffee bean prices over the past year. Fresh fruit prices will be seasonally higher through the summer, although generally larger supplies may hold prices below year-earlier levels. Seasonal price declines for fresh vegetables and potatoes may be nearly offsetting while generally ample supplies of processed fruits and vegetables hold retail prices for most of these products relatively steady.

Although retail food prices are likely to increase slightly in coming months, they may end the year averaging around 2 percent above the last quarter of 1975. Pork and poultry prices are expected to decline seasonally, but prices of most other livestock-related foods likely will increase moderately. Moderate price increases are also expected for most crop-related foods, although seasonal declines for potatoes and fresh fruit will probably be more than offsetting.

For all of 1976, retail food prices are expected to average 3 to 4 percent above 1975. Larger crops both here and abroad could result in a slightly smaller increase in food prices this summer and a small seasonal decline this fall. Thus, year-end food prices could be only slightly above a year earlier; prices for all of 1976 would average around 3 percent above 1975. Conversely, smaller crops and stronger demand would push food prices higher this fall with the year's average up about 4 percent from last year.

Retail Food Prices Rise in June—Wholesale Prices Down

Retail food prices rose 0.5 percent in June, but wholesale food prices dropped for the first time in 3 months.

Much of the increase at retail reflected normal seasonal gains. Poultry prices were up 3.5 percent, most of which was seasonally expected. While beef prices edged down, pork prices were up 1.5 percent, reflecting seasonally shorter supplies. Dairy and cereal and bakery products rose 0.3 percent, with much of the increase due to higher margins. Fresh fruit prices rose seasonally,

but fresh vegetables, processed fruits and vegetables, and fats and oils were lower. Coffee prices continued their steep rise.

The June all foods index averaged 3.7 percent higher than a year ago. However, this was a much slower rate of gain than in the last 3 years.

The wholesale price index for all foods averaged almost 3 percent below June 1975, and dropped 1 percent from the May level. Lower prices for beef, sugar, fruits and vegetables, and eggs offset higher prices for pork, fish, coffee, and processed fruits and vegetables.

Rise in Consumer Food Expenditures Slows

Total personal consumption expenditures for food in the second quarter of 1976 came to about \$197 billion (seasonally adjusted annual rate), up 1½ percent from the first quarter but a somewhat smaller rise than in January-March. Spending for both food at home and food away from home rose at about the same rate in the first quarter.

Compared with a year earlier, food spending was up about 7½ percent, a less rapid increase than in previous quarters. Annual rates of increase in food spending continue to decline because of smaller price increases than in previous quarters.

Because the quarterly increase in food spending was slightly less than the increase in disposable personal income, the 18.8 percent of disposable income allocated to food expenditures in the second quarter was down slightly from the three previous quarters. However, about the same portion of income was going for food spending in the second quarter of 1975. (Larry Summers and Anthony Gallo)

Marketing Spreads To Increase

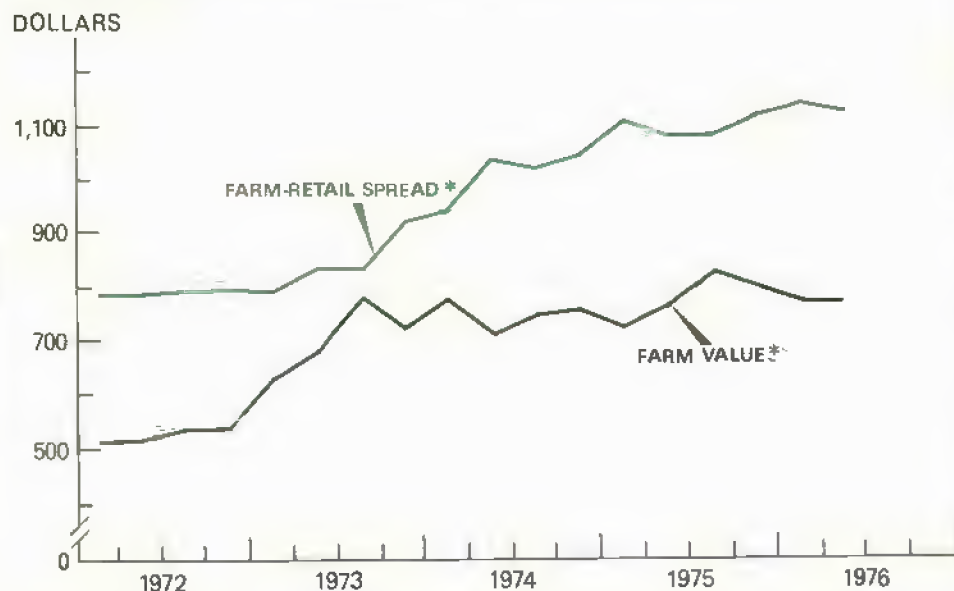
Farm-retail spreads for the farm-food market basket are expected to increase gradually during the balance of the year and by the fourth quarter may exceed the first quarter level. For the year, spreads may average 4 to 5 percent wider than in 1975 depending on movements in farm prices and on the cost push created by the continued rise in prices of most inputs purchased by food marketing firms.

It now appears that the farm value of the market basket foods for all of 1976 may average slightly under that for 1975. However, returns for market basket foods in the second half of this year may be substantially below levels in July-December 1975, depending on crop and livestock output and export demand. This means that the increase in food prices this year will result from wider farm-retail spreads as well as higher prices for fishery products and

JUNE RETAIL PRICE INCREASES FROM YEAR EARLIER

June	Food at home	All food	All items less food
		Pct.	
1973	15.7	13.7	3.7
1974	15.0	14.7	9.7
1975	8.7	8.8	9.5
1976	2.7	3.7	6.6

FARM-RETAIL SPREAD DIPS IN SECOND QUARTER



*THE SPREAD IS THE GROSS MARGIN RECEIVED BY MARKETING FIRMS FOR ASSEMBLING, PROCESSING, TRANSPORTING, AND DISTRIBUTING A MARKET BASKET OF FOOD. THE FARM VALUE IS THE GROSS RETURN TO FARMERS FOR EQUIVALENT AMOUNTS OF THESE FOODS.

EXPENDITURES FOR FOOD IN RELATION TO DISPOSABLE INCOME¹

Personal consumption expenditures for food²

Year	Disposable personal income	For use at home ³		Away from home ⁴		Total	
		Amount	Percentage of income	Amount	Percentage of income	Amount	Percentage of income
			Pct.		Pct.		Pct.
	Bil. dol.	Bil. dol.	Pct.	Bil. dol.	Pct.	Bil. dol.	Pct.
1965	472.2	66.8	14.2	19.0	4.0	85.8	18.2
1966	510.4	72.4	14.2	20.2	3.9	92.6	18.1
1967	544.5	74.0	13.6	21.0	3.9	95.0	17.5
1968	588.1	79.5	13.5	23.2	3.9	102.7	17.5
1969	630.4	84.7	13.4	24.8	3.9	109.5	17.3
1970	685.9	91.8	13.4	26.8	3.9	118.6	17.3
1971	742.8	94.2	12.7	27.8	3.7	122.0	16.4
1972	801.3	100.5	12.5	30.1	3.8	130.6	16.3
1973	901.7	112.9	12.5	33.9	3.8	146.8	16.3
1974	982.9	128.6	13.1	38.4	3.9	167.0	17.0
1975	1,080.9	141.0	13.0	43.8	4.1	184.8	17.1
I	1,023.8	137.0	13.4	42.1	4.1	179.1	17.5
II	1,088.2	139.6	12.8	43.6	4.0	183.2	16.8
III	1,091.5	143.2	13.1	43.7	4.0	186.9	17.1
IV	1,119.9	144.1	12.9	46.0	4.1	190.1	17.0
1976							
I	1,147.6	147.0	12.8	47.0	4.1	194.0	16.9
IIp	1,171.8	149.2	12.7	47.7	4.1	196.9	16.8

¹Quarterly data are seasonally adjusted annual rates. ²Data of the Department of Commerce in the *Survey of Current Business*. Omits alcoholic beverages, food donated by Government agencies to schools and needy persons, and non-personal spending for food such as business purchases of meals, food furnished inmates of hospitals

and institutions, and food included with transportation tickets and camp fees.

³Includes food consumed on farms where produced. ⁴Includes food served to the military and employees of hospitals, prisons, and food service establishments. p. preliminary.

imported foods such as coffee.

Prices of intermediate goods and services purchased by food marketing firms in the first half of 1976 were up about 6 percent from a year earlier, compared with an increase of 17 percent in the first half of 1975. Rates of increase slowed for packaging materials, energy costs, as well as for interest rates in the first half of 1976. However, the cost of shipping food by rail increased 14 percent from a year ago, about the same rate of gain as in the first half of last year.

First quarter after-tax profits of 14 leading food retailers rose sharply from a year ago. As a percentage of sales, profits of these retailers were 1.1 percent in the first quarter of 1976 (latest data available), up from 0.8 percent a year earlier, and the highest first quarter rate since the early 1970's. Also, profits as a percentage of sales of food manufacturers averaged 3.1 percent in the first quarter of 1976, up from 2.4 percent a year ago.

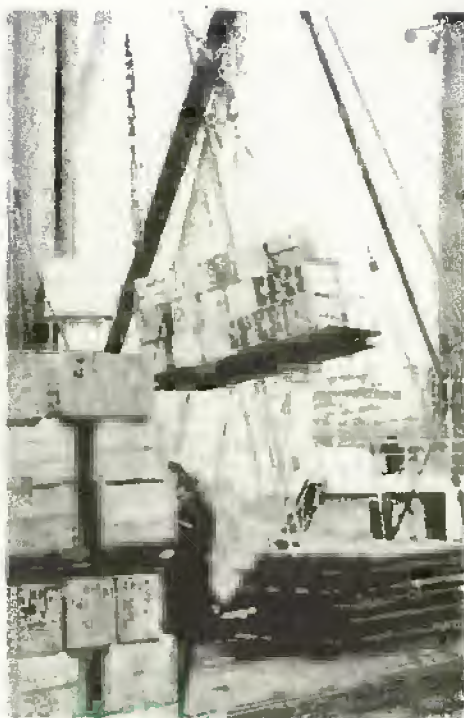
Second Quarter Marketing Spreads Squeezed

Farm-retail spreads for a market basket of farm-produced foods dropped 1.2 percent in the second quarter as retail costs dropped for the second successive quarter. Spreads for beef, pork, eggs, and fats and oils products were down sharply while spreads for most other market basket foods increased, especially those for fresh fruits and vegetables.

But compared with a year earlier, the marketing spread in the second quarter of this year was about 5 percent wider, while retail costs for the market basket were up about 3 percent. Spreads were substantially wider for meat products, poultry, and fresh vegetables, particularly potatoes. In contrast, spreads for eggs, bakery and cereal products, and fats and oils products were significantly narrower.

Returns to farmers for foods in the market basket in the second quarter were about the same as in the first quarter. Sharply higher farm values for meat animals and fresh fruits were about offset by lower returns for most other foods, especially poultry, eggs, and fresh vegetables.

The second quarter farm value for farm foods in the market basket was also about the same as a year ago. However, returns varied widely by product group. Farm values were up sharply for dairy products and eggs, and down sharply for fresh vegetables and oilseed products. The farmer's share of a dollar spent in retail food stores was 41 cents in the second quarter, up 1 cent from the previous quarter but down a penny from a year earlier. (Henry Badger)



WORLD AGRICULTURE AND TRADE

A severe and persistent drought plagued much of Western Europe from early spring through most of July. The adverse weather sharply reduced the region's crop output and forced some distress cattle slaughter. The impact of the drought will likely increase Western Europe's net imports of feedgrains and oilseeds during the 1976/77 crop year, and U.S. exports of corn and soybeans to the area may reach unprecedented levels.

Excellent fall planting and winter weather suggested an early optimistic outlook for West European crops. However, around mid-March 1976, drought conditions developed in the Scandinavian countries and the United Kingdom. In time, the drought eased in Scandinavia but spread to France, West Germany, Italy, Belgium, Spain, and Portugal. France, the major agricultural producer in Western Europe, appears to be the hardest hit. The rains that came toward the end of July were probably too late to benefit small grains.

Western Europe's total grain production this year may turn out no higher than 125 million metric tons, about 4 percent less than last year's below-average crop. Production was about 130 million metric tons in 1975 compared with a record 142 million tons in 1974 and a 1970-74 average of 132 million. Grain harvests are expected to be down in both the European Community (EC) and the non-EC countries.¹ The major reduction in the EC will occur in France, with Spain expected to account for most of the shortfall in non-EC

Western Europe. The drop in both areas will probably be confined to coarse grains since the increased acreage planted to wheat will likely offset yield reductions.

According to EC sources, beef is the hardest hit part of the livestock sector. Continued weak consumer demand for beef and distress slaughter have caused producer prices to fall, and substantial buying by price-support agencies is reported. This may result in continued or stronger restrictions on EC imports of beef. EC dairy production should be about the same as in 1975 and would therefore remain in surplus.

The EC anticipates a shortage of potatoes because of the drought. Yields of other vegetables, as well as some fruits, have been seriously affected. Sugar beet production is also expected to be substantially curtailed by the drought.

Partly because of reduced supplies of domestic forages (hay, pasture, and fodder beets), larger amounts of grain and protein feed should be fed to livestock in Western Europe in 1976/77. The quantity of grain fed, including wheat, could be around 98 million tons, up from 95.6 million tons estimated in 1975/76. The expanded demand for feedgrains is likely to be met through a sharp drop in exports from Western Europe as well as an increase in imports from outside the Continent. However, the increase in grain imports in 1976/77 is not expected to match the drop in production. Total imports from the United States could be 25 million tons, compared with an estimated 22 million tons in 1975/76. A drawdown in Western Europe's total

grain stocks is also expected. Some additional market opportunities may be created for the United States outside of Western Europe due to the latter's reduced export position.

Western Europe relies primarily on imports for supplies of protein feed. The demand for U.S. soybeans should continue strong and will likely be around the 1975/76 estimated total of close to 10 million tons in spite of existing EC constraints aimed at promoting surplus nonfat dry milk as a substitute for vegetable protein feed. However, a new plan under EC consideration, if enacted, would impose an indirect tax on imported soybeans and create new and serious impediments to U.S. soybean sales to the Community.

A summary of the agricultural situation in four major West European countries follows. (For an outlook report on the U.K., see special article, "The United Kingdom: Prospects for U.S. Exports").

France: Many of the most important crop and livestock producing regions have been affected by the drought. Estimates for the 1976/77 grain crops have been sharply scaled down from 41½ million metric tons in May to about 31 million tons as of mid-July. The below-average 1975/76 grain harvest totaled 35.6 million metric tons.

Some of the corn originally intended for grain will be harvested for silage.

¹EC countries include Belgium, Denmark, France, Ireland, Italy, Luxembourg, Netherlands, West Germany, and the United Kingdom. Non-EC West European countries included in this analysis are Austria, Finland, Greece, Norway, Portugal, Spain, Sweden, and Switzerland.

WORLD OUTPUT OF MAJOR GRAINS

Commodity	1973/74	1974/75	1975/76 ¹	1976/77 ²
	Mil. metric tons			
Wheat	372.3	356.6	349.6	371.0
United States	46.4	48.9	58.1	55.5
Other countries	325.9	307.7	291.5	315.5
Coarse grains ³	660.4	620.1	631.9	691.1
United States	186.7	150.5	184.1	200.8
Other countries	473.7	469.6	447.8	490.3
Rice, milled basis	219.5	223.3	238.3	241.1
United States	3.0	3.7	4.2	3.7
Other countries	216.5	219.6	234.1	237.4
Total grains	1,252.2	1,200.0	1,219.8	1,303.2
United States	236.1	203.1	246.4	260.0
Other countries	1,016.1	996.9	973.4	1,043.2

¹ Estimated. ² Forecast; for U.S., mid-point of projected range. ³ Corn, oats,

barley, sorghum, rye, millet, and mixed grains. Note: World data as of June 25.

Fodder crops are seriously damaged; pastures are very poor in the northern areas. The sugar beet crop, also concentrated in the north, will be down considerably. Potato production will probably not decline sharply, but quality will be affected.

Despite Government efforts to discourage heavy distress slaughter of cattle, the slaughter rate in June 1976 was an estimated 9 percent above June 1975. This situation represents a turnaround from earlier in the year when beef production was below 1975 levels.

The current situation will have a significant effect on foreign trade since France is Western Europe's largest supplier of farm commodities. France itself will need to import some supplementary feedstuffs and is already buying alfalfa pellets from the United States. According to mid-July estimates, total French coarse grain exports could total less than 3 million tons in 1976/77, one-half of last year's level.

West Germany: Areas most affected by the drought have a heavy concentration of rye, oats, and spring barley. West Germany's total grain crop is expected to fall about 5 percent below 1975's output of 21.3 million metric tons and 10 percent below 1974's record crop. Spring grains have been more seriously affected by the drought than have winter grains.

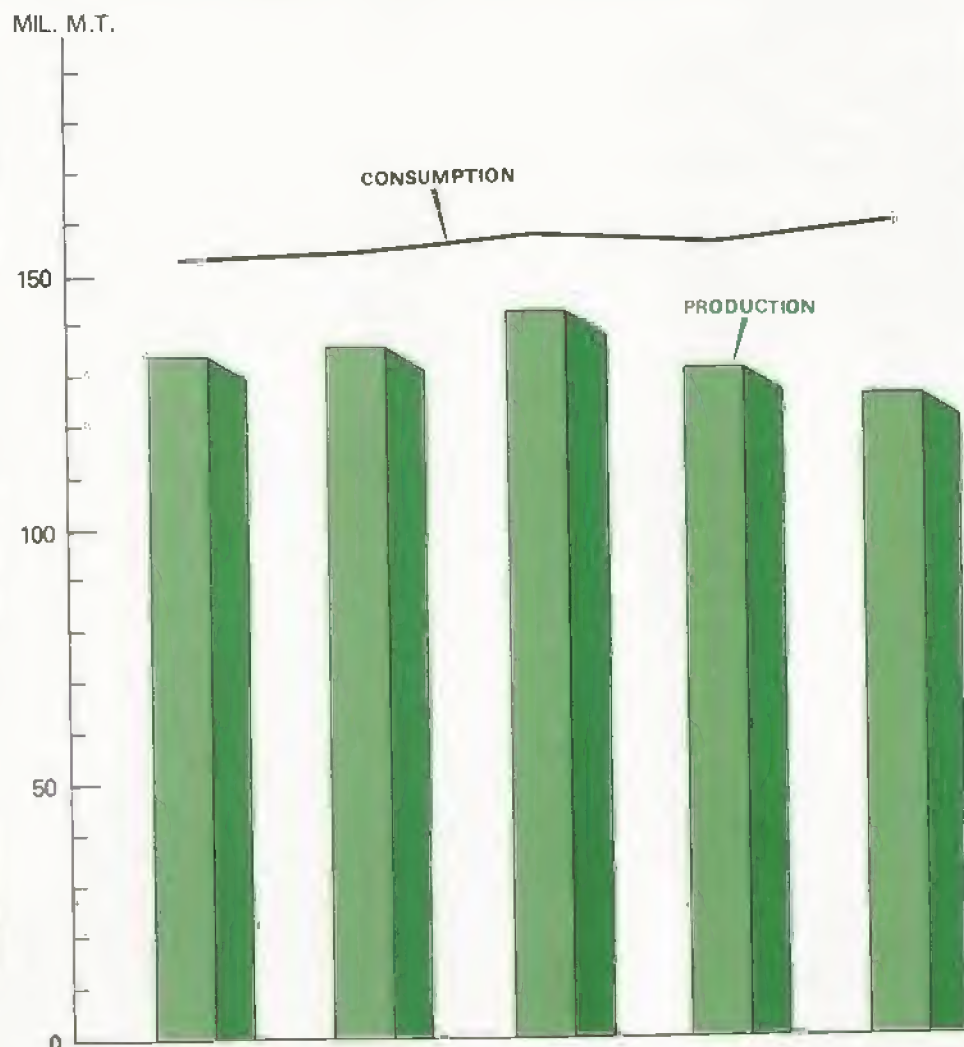
The outlook for fodder beets, sugar beets, and corn for silage is still uncertain. Early potatoes were only moderately affected by the drought, but the bulk of the potato crop will have a lower yield. The crop should be sufficient to cover demand for human consumption, but feed use will be curtailed.

In the more severe drought areas, cattle slaughter has been above normal. Also, farmers in those areas have started feeding hay and silage originally intended for winter use. An increased sowing of "catch" crops may occur if there is timely rainfall.

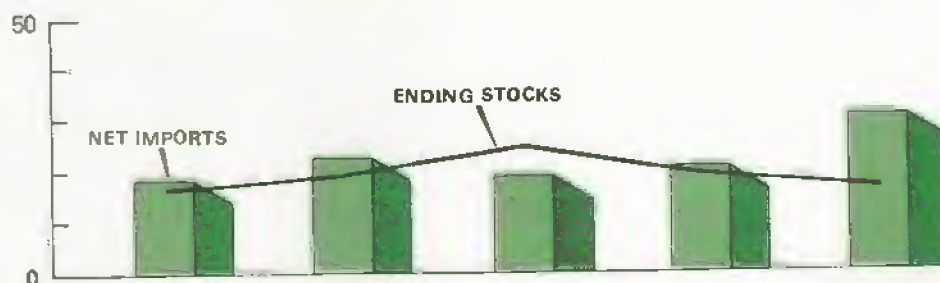
West Germany's imports of wheat for 1976/77 are expected to be slightly above last year's 1.5 million tons. Any further decline in wheat output will probably be handled by stock reduction and reduced exports. If the total 1976/77 grain crop is down 1 million tons from 1975/76 levels, corn imports should increase to about 3.7 million tons, up from 3 million tons in 1975/76. Barley imports are expected to be about 1.8 million tons, up from 1.4 million metric tons in 1975/76.

Italy: Grain production in Italy is expected to approximate 15 million metric tons, about 1 million tons below last year. Sugar beets, potatoes, and other vegetables have also been adversely affected by the drought. Fodder crops have been seriously dam-

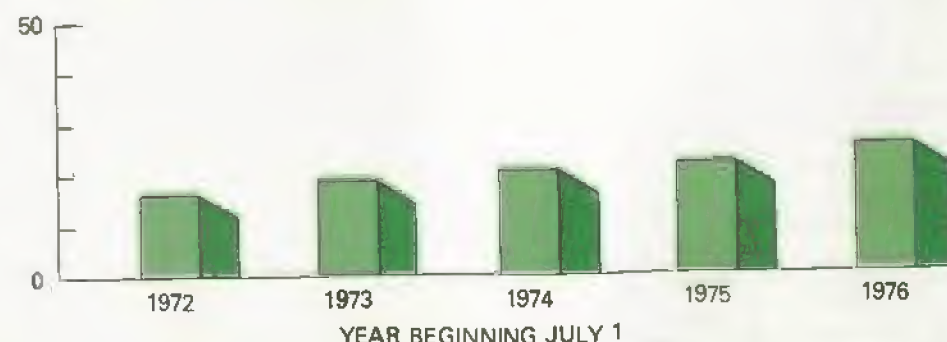
LOWER GRAIN OUTPUT IN WESTERN EUROPE THIS YEAR . . .



... WILL REQUIRE LARGER GRAIN IMPORTS AND A STOCK DRAWDOWN . . .



... WITH MORE GRAIN FROM THE U.S.



aged, and the reduced availability is adding to the total demand for feed-grains. There are also reports of distress slaughter of cattle.

Italy will likely have to increase imports of coarse grains and soybeans, which in 1975 totaled 5.4 million and 1.2 million tons, respectively. Italy's exports of farm products will likely be sharply reduced.

Spain: The drought area accounts for nearly one-third of Spain's wheat and barley production. Barley output in 1976/77 is expected to be down from the early forecast of 6.6 million tons to 5.3 million tons, compared with 6.8 million tons in 1975/76. But reduction in wheat production will be small since other major wheat producing areas have benefited from favorable moisture conditions this year. The impact on corn is expected to be minor because the drought area accounts for less than a tenth of Spain's total corn production.

Spain's sugar beet production is expected to be up from 6.3 million tons in 1975/76 to 9.5 million tons in 1976/77, partly because of increased plantings. About half of the sugar beet area is irrigated, and favorable yields are expected outside the drought region. Fruits and vegetables, which are of major importance to Spanish agriculture, are grown predominantly in areas not affected by the drought.

The drought could have some adverse impact on livestock. About one-third of the cattle and more than one-fourth of the sheep are located in the affected areas. Reduced feed supplies could induce greater slaughter of animals.

The drought is not expected to have a major impact on Spain's agricultural trade. Spain is likely to have 300,000 tons or more of sugar available for export. Corn and soybean imports could be somewhat higher than last year's level of 4.2 million and 1.7 million tons, respectively. (Reed E. Friend and Omero Sabatini)

World Grain Production Likely to Increase in 1976

The outlook for U.S. agricultural exports has brightened in recent weeks due to accelerating economic activity abroad, reduced crop prospects in Western Europe, and indications of continued large grain imports by the USSR. World agricultural production is still expected to increase in the 1976/77 growing season, and the tight world food supply situation should ease. Agricultural production in the developing countries is likely to show further improvement in 1976 after last year's 5-percent increase.

The 1976/77 world wheat crop is now forecast at 350 to 390 million metric tons, versus the 350-million-ton crop of

1975/76. A more abundant supply would allow recovery in levels of consumption and stocks, but the volume of wheat traded on world markets may fall.

Spring-planted wheat crops are still dependent on summer rainfall, and plantings have just been completed in the Southern Hemisphere. Both Australia and Argentina have been experiencing dry weather. Therefore, there is still considerable uncertainty in world wheat crop prospects.

The USSR's winter crop, which usually makes up about four-tenths of its total wheat crop, suffered from a dry fall and cold, dry winter. However, the spring wheat crop was planted under nearly ideal conditions and was reported to be progressing well through mid-July. A total Soviet wheat harvest of 80 million tons is now forecast, up a fifth from last year and 5 million tons above the previous estimate. In general, growing conditions elsewhere have been about average or above. The West European drought is thought to have more of an effect on coarse grain output than on wheat, and some recovery in wheat production is expected over 1975/76's 49-million-ton crop.

Strong competition for U.S. wheat exports is expected from competing countries this year. Argentina in particular has instituted an ambitious program to expand wheat production. A 10-million-ton crop is considered possible,

compared with crops of under 9 million tons in 1975/76 and 6 million tons in 1974/75. Wheat production in Canada could reach 20 million tons, up from 17 million in 1975/76, because of unusually favorable weather and expanded area. Canadian exports could rise to as much as 13 million tons.

U.S. wheat exports for the 1976/77 marketing year are now estimated at 28½ million tons but could fall in the 26 to 31-million-ton range. Last year, exports totaled 32 million tons.

The 1976/77 world coarse grain crop is now estimated between 650 and 730 million metric tons, compared with 1975/76's 632 million. Much of the anticipated increase is attributable to prospects for significant recovery in Soviet coarse grain output and increased U.S. production. Output in most other areas except Western Europe is expected to remain near or slightly above last year's levels. However, this year's crop is by no means assured. Coarse grain output will depend heavily on weather developments in the next several months.

If world coarse grain production increases as forecast, feeding of grain is likely to rebound sharply. Some growth is expected in most major consuming countries, but the USSR and the United States will account for the bulk of the increase as feed consumption recovers from recent low levels. As drought reduces forage supplies in Western Europe, more grain may be fed to livestock.

U.S. coarse grain exports for 1976/77 are projected to fall about 15 percent below the 50.3-million-ton 1975/76 estimate. Depending on developments in foreign production and demand, U.S. exports could range from 38 million tons to over 47 million tons.

World oilmeal production, on a soybean meal equivalent basis, is estimated at 7¼ million tons in 1976, up from 1975's reduced volume of almost 62 million tons. Due primarily to smaller soybean plantings in the United States, 1977 world oilmeal production is expected to be about 2 million tons below 1976. Brazilian soybean production is expected to continue to expand, and the 1977 harvest could reach a record 13 million tons. Peruvian fishmeal output is also expected to increase. World production of vegetable oils and fats is expected to continue to expand in 1977.

U.S. soybean exports are estimated at a record 15.4 million metric tons in 1975/76, and exports are expected to remain near that high volume next year. The current estimate for 1976/77 is 15 million tons, with a range of 14.2 to 15.8 million tons. The USSR is expected to import 2 million tons of soybeans from 1976/77 crops. (Sally E. Breedlove)

Farm Income Statistics Available

The Department of Agriculture regularly publishes a comprehensive set of income estimates relating to agriculture which have been developed over more than a third of a century. The data series, *Farm Income Statistics*, falls into three major categories:

- tables containing farm income revisions for 1973/74 and estimates for 1975,
- a set of historical tables on farm and personal income going back many years,
- a group of tables showing the distribution of farm income and number of farms by value of sales class, as well as estimates of off-farm income of farm operator families by various sales classes.

Copies of *Farm Income Statistics*, Statistical Bulletin No. 557, are available free by postcard (please include zip code) or telephone (202-447-7255) from the Publications Unit, Economic Research Service, Room 0054, South Building, U.S. Department of Agriculture, Washington, D.C. 20250.



UNITED KINGDOM: PROSPECTS FOR U.S. EXPORTS

By Marshall H. Cohen
Foreign Demand and Competition Division
Economic Research Service

The United Kingdom is an important market for a wide range of U.S. agricultural products—notably grains, oilseeds, tobacco, fruits, and vegetables. Although the dollar value of U.S. agricultural exports to the U.K. slipped from \$741 million in 1974 to \$637 million in 1975, the U.K. continued to rank among the top 10 global markets for U.S. farm commodities.

With general economic and agricultural conditions expected to improve moderately this year, the U.S. share of the U.K. market for farm products in 1976/77 will probably recover from 1975/76's decline. Increased demand for U.S. grains and oilseeds could provide the main strength. Declines in 1975/76 were most noted for grains, oilseeds, and tobacco. These three products collectively accounted for about two-thirds of the value of U.S. agricultural exports to the United Kingdom which imports about 45 percent of its agricultural requirements.

U.K. to Import More U.S. Grains and Soybeans

Some of the conditions responsible for the 1975/76 decline in U.S. agricultural exports are expected to ease in

1976/77. Largely reflecting an expected upturn in demand for both feed grains and oilseeds, and to a lesser extent citrus fruits, total U.S. farm exports to the U.K. should rise by 5 to 10 percent in 1976/77. However, prospects for U.S. tobacco sales continue pessimistic. Last year, feed grain and soybean imports from the United States declined sharply, reflecting a decline in demand from the hard-pressed livestock industries (particularly hogs and poultry) as well as reduced demand from the vegetable oil industry. Margarine use declined as con-

sumer subsidies on butter encouraged consumers to switch.

The following factors underlie an expected increase in the demand for feeds in 1976/77:

—The buildup in dairy cow numbers, primarily a result of higher milk prices, is expected to continue. High slaughter rates had resulted in lowering the herd to 3.2 million in 1975, the smallest since 1959. Both calf slaughter and cow culling declined sharply in the first quarter of 1976.

—The sow inventory is expanding after declining sharply in 1975, and is expected to reach nearly 900,000 in late 1976.

—A 10-percent rise in poultry meat production is expected, although the recent runup in feed costs (partly reflecting an EC regulation requiring use of nonfat dried milk in rations) has reportedly affected producer confidence.

With the anticipated resumption of growth in the livestock sector, the demand for U.S. corn (particularly for hogs and poultry) should increase. Although U.S. exports of corn to the U.K. have not followed a clear trend in recent years, the 1970-75 annual average was about 1.5 million tons—about a third of the U.K.'s total imports of corn. Indications are that demand for U.S. corn could be up by at least 10 to 15 percent over 1975's 1.4 million tons.

The import demand for grains, however, could be strengthened further, depending on the damage caused by this year's drought. Prior to the drought, preliminary estimates indicated a slight increase in feed use of domestic wheat (mostly high yielding soft wheat) in 1976/77. But a shortfall in domestic feed grain output could contribute to higher import demand for such less expensive feeds as sorghum, with a higher percentage of home-grown wheat used for milling. U.S. exports of sorghum to the U.K. increased from insignificant levels in 1974 to 300,000 tons in

UNITED KINGDOM AGRICULTURAL IMPORTS¹

Calendar year	Total	From EC ²	EC share of total	From U.S.	U.S. share of total
	\$Mil.	\$Mil.	Pct.	\$Mil.	Pct.
1968	4,892	570	12	398	8
1969	4,681	560	12	396	8
1970	5,703	676	12	481	8
1971	6,048	792	13	483	8
1972	6,667	940	14	567	8
1973	8,854	2,793	32	724	8
1974	10,131	3,991	39	741	7
1975	9,516	3,990	42	637	7

¹ U.S. dollar value. ² Includes EC-6 (France, W. Germany, Netherlands, Belgium, Luxembourg and Italy) for 1968-72 and EC-9 (EC-6 plus Denmark, Ireland, and U.K.) for 1973-75.

1975—a U.S. market share of about 50 percent. The demand for U.S. hard wheat, largely used for baking, rose dramatically to 800,000 tons in 1975 when adverse weather reduced U.K.'s output. Before the drought, this volume of sales was not expected to reoccur in 1976. An additional effect of the drought is a probable reduction in availability of feed grains from West European suppliers.

Demand for soybeans is likely to perk up in 1976. Total imports could rise to over 800,000 tons, about 60,000 tons above 1975. The U.S. normally supplies around three-fourths of the U.K.'s imports of soybeans, but Brazil has become an increasingly important source in recent years. Although soybean prices began trending higher this spring, January-June Rotterdam import prices averaged below a year earlier. The anticipated increase in demand would reflect a resumption of growth in the hog and poultry sector and greater demand for oil for margarine. The British Government anticipates a continuing annual increase in both domestic pork and poultry meat output of about 2 percent through 1980. Margarine prices have fallen relative to butter, due to price hikes under EC transition arrangements, and butter consumption subsidies are likely to be reduced in 1976/77.

U.S. exports of unmanufactured tobacco, which were valued at \$124 million in 1975 or about 20 percent of total agricultural exports to the U.K., are likely to continue to slip further from last year's relatively low 36,000 tons. The cut last year stemmed from a combination of several factors—primarily higher excise taxes and anti-smoking campaigns. However, higher prices and a continuing reduction in U.K. use, particularly of cigarettes, will continue to dampen demand for our tobacco in 1976/77.

U.K.'s Economic Prospects Brighten

The overall economic outlook appears somewhat better for the United Kingdom in 1976. Inflation is expected to decline from a rate of about 26 percent in 1975 to about 10 to 15 percent in 1976, and real GNP is projected to rise by 2 to 3 percent, compared with a decline of about 2 percent last year.

Due to relatively high inflation rates and balance of payments problems, the U.K. must largely await an export-led recovery of its economy. It cannot afford to further stimulate the domestic economy. Already there is evidence that overseas' orders for U.K. goods are rising. In the very short run, availability of North Sea oil for export is expected to begin improving the U.K.'s balance of payments. However, for continued economic improvement, more stable exchange rates between the pound and major foreign currencies will have to be maintained. By June 1976, the pound had depreciated relative to the U.S. dollar by over 30 percent since the 1971 Smithsonian Agreement, reaching a postwar low of \$1.70. By the end of July, the pound had strengthened to nearly \$1.80, largely reflecting a "rescue" short-term loan of \$5.3 billion by a group of 10 industrial countries. Stabilization of the exchange rate will require that the U.K.'s inflation rate be brought in line with that of its major trading partners.

The agricultural outlook also appears brighter in 1976, although higher feed costs and a further depreciation of sterling could dim the outlook. Successive devaluations late in 1975 of the so-called "green pound," a

rate of exchange linking British pounds used in agricultural transactions with the European Community (EC) unit of account, resulted in higher U.K. farm prices. (Further devaluations will be required if U.K. farm prices are to achieve parity with those of other EC countries).

With an expectation of improved profits, the livestock industry has been encouraging a rebuilding of animal inventories and an increase in compound feed production over last year's depressed level. These developments are expected to continue through 1976 and into 1977, and they portend a higher import demand for corn, barley, soybeans, and other components used in mixed feed production. The production of mixed feeds in early 1976 was about 13 percent above a year earlier.

The drought this year has not been as severe in the United Kingdom as in other parts of Western Europe. It has primarily affected spring wheat and barley in the East Midlands and the southeastern area. However, adequate rainfall in central and northern regions is expected to result in high yields of wheat and barley in these important areas. Also, the condition of grasslands, largely in western regions where dairying is prevalent, has been reported satisfactory. Prior to the drought, feed grain output was projected to increase significantly from last year's depressed level, reflecting excellent weather during fall plantings and a larger grain area. Although total grain output projected at 15.4 million metric tons will be much higher than 1975's 13.8 million, the drought has precluded the likelihood of duplicating 1974's record crop of over 16 million tons. (Marshall Cohen)

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STATISTICAL INDICATORS

FARM INCOME

Gross and net farm income¹

Items	Annual			1973	1974				1975				1976	
	1973	1974	1975	IV	I	II	III	IV	I	II	III	IV	I	II
\$ Bill.														
Cash receipts from farm marketings	87.1	92.6	89.6	94.0	99.4	90.0	89.3	91.7	80.0	91.1	96.5	90.8	90.9	101.5
Nonmoney and other farm income ²	8.4	7.6	8.6	8.4	7.4	7.5	7.7	7.8	8.4	8.5	8.7	8.8	9.1	9.3
Realized gross farm income	95.5	100.2	98.2	102.4	106.8	97.5	97.0	99.5	88.4	99.6	105.2	99.6	100.0	110.8
Farm production expenses	65.6	72.4	75.5	69.2	72.6	71.5	72.7	72.8	73.4	76.1	76.8	75.7	79.3	81.0
Farmers' realized net income	29.9	27.8	22.7	33.2	34.2	26.0	24.3	26.7	15.0	23.5	28.4	23.9	20.7	29.8
Net change in farm inventories	3.4	-1.3	2.9	5.5	-1.5	-1.8	0	-2.9	3.5	1.3	1.6	5.2	2.0	-1.4
Farmers' total net income	33.3	26.5	25.6	38.7	32.7	25.2	24.3	23.8	18.5	24.8	30.0	29.1	22.7	28.4

¹ Quarterly data are seasonally adjusted at annual rates. ² Includes government payments to farmers, value of farm products consumed in farm households, rental value of farm dwellings, and income from

recreation, machine hire, and custom work. NOTE: As of July 1976, annual and quarterly farm income data revised for 1973-75.

Cash receipts from farming

Items	Annual			1975		1976				
	1973	1974	1975	May	Dec	Jan	Feb	Mar	Apr	May
\$ Mil.										
Farm marketings and CCC loans ¹	87,068	92,648	89,563	5,853	8,053	8,501	6,389	6,211	6,253	6,163
Livestock and products	45,936	41,377	42,902	3,567	3,783	3,844	3,726	3,893	4,103	3,910
Meat animals	30,404	25,193	25,811	2,153	2,246	2,270	2,268	2,342	2,555	2,257
Dairy products	8,080	9,445	9,866	856	923	957	890	978	960	1,012
Poultry and eggs	6,935	6,253	6,739	512	572	578	530	538	541	592
Other	517	486	486	46	42	39	38	35	47	49
Crops	41,132	51,271	46,661	2,286	4,260	4,657	2,663	2,318	2,150	2,253
Food grains	7,194	8,762	8,347	364	466	625	339	286	290	419
Feed crops	10,605	13,958	12,513	580	1,175	1,493	908	738	608	642
Cotton (lint and seed)	2,798	2,893	2,372	89	520	478	167	120	26	28
Tobacco	1,570	2,097	2,155	15	346	286	22	1	11	9
Oil-bearing crops	7,580	9,817	7,920	328	487	927	487	329	269	238
Vegetables and melons	4,351	5,308	5,370	371	299	316	271	324	355	361
Fruits and tree nuts	3,444	3,424	3,548	260	368	248	213	191	237	274
Other	3,590	5,012	4,436	279	599	284	256	329	354	282
Government payments	2,607	530	807	32	77	83	53	32	52	16
Total cash receipts ²	89,675	93,178	90,370	5,885	8,120	8,584	6,442	6,243	6,305	6,179

¹ Receipts from loans represent value of loans minus value of redemptions during the month. ² Details may not add because of

rounding. NOTE: As of July 1976, annual and monthly cash receipts data revised for 1973-75.

Cash receipts¹ from farm marketings, by States, January-May

State	Livestock and Products		Crops ²		Total ²	
	1975	1976	1975	1976	1975	1976
			\$ Mil.			
NORTH ATLANTIC						
Maine	92.3	103.1	62.5	98.0	154.8	201.1
New Hampshire	20.8	23.9	8.3	8.3	29.0	32.2
Vermont	76.8	99.1	8.7	8.4	85.6	107.5
Massachusetts	42.7	46.5	38.8	44.5	81.5	90.9
Rhode Island	4.5	5.1	6.6	4.0	11.2	9.1
Connecticut	45.8	55.7	59.3	68.3	105.1	124.0
New York	407.3	511.7	145.4	151.3	552.7	663.0
New Jersey	41.6	48.5	46.4	46.4	88.0	94.8
Pennsylvania	459.8	541.8	175.1	190.4	634.8	732.2
NORTH CENTRAL						
Ohio	441.1	508.3	532.5	438.9	973.5	947.2
Indiana	466.6	534.1	434.4	453.0	901.0	987.1
Illinois	720.0	815.2	1,249.5	1,661.2	1,969.6	2,476.5
Michigan	271.8	339.2	266.2	262.7	538.1	602.0
Wisconsin	823.3	1,055.0	143.2	170.6	966.5	1,225.6
Minnesota	779.0	936.7	544.4	560.0	1,323.5	1,496.7
Iowa	1,476.8	1,710.7	985.9	1,051.5	2,462.7	2,762.2
Missouri	546.6	669.9	271.9	271.9	818.5	941.8
North Dakota	156.1	220.5	430.4	472.0	586.5	692.6
South Dakota	491.4	643.3	195.4	165.1	686.8	808.4
Nebraska	832.4	1,017.0	592.2	647.2	1,424.6	1,664.2
Kansas	585.5	820.9	583.7	562.0	1,169.2	1,382.9
SOUTHERN						
Delaware	64.0	70.8	15.9	10.2	79.8	81.0
Maryland	157.9	177.9	72.5	51.8	230.4	229.7
Virginia	187.4	219.0	71.0	60.1	258.5	279.1
West Virginia	33.8	38.7	13.8	13.2	47.6	51.9
North Carolina	378.0	420.6	154.9	119.3	532.8	539.9
South Carolina	102.6	117.8	95.6	85.9	198.2	203.7
Georgia	426.4	488.6	168.7	133.5	595.2	622.1
Florida	239.4	291.7	1,173.5	1,151.6	1,412.9	1,443.4
Kentucky	228.3	287.9	229.1	268.2	457.4	556.1
Tennessee	208.3	273.2	90.7	111.6	299.0	384.9
Alabama	320.0	371.9	121.2	105.7	441.2	477.6
Mississippi	251.4	301.4	191.6	196.1	443.0	497.5
Arkansas	354.3	421.0	259.2	151.2	613.6	572.2
Louisiana	125.1	159.0	290.0	220.7	415.2	379.7
Oklahoma	369.9	523.9	208.2	168.4	578.1	692.3
Texas	1,094.6	1,396.6	755.1	758.4	1,849.7	2,155.0
WESTERN						
Montana	92.2	127.5	207.4	216.0	299.7	343.5
Idaho	179.9	229.6	238.8	223.8	418.7	453.4
Wyoming	53.9	76.4	23.4	35.2	77.4	111.6
Colorado	510.1	610.4	156.0	131.2	666.2	741.6
New Mexico	135.4	168.8	37.6	35.3	173.0	204.0
Arizona	193.1	236.2	233.9	204.2	427.0	440.4
Utah	76.6	96.9	29.8	22.2	106.4	119.1
Nevada	30.9	40.5	8.9	17.2	39.9	57.7
Washington	172.7	213.2	411.1	459.6	583.7	672.8
Oregon	116.9	146.2	143.0	140.5	259.9	286.6
California	1,076.3	1,238.0	1,401.9	1,503.9	2,478.3	2,741.8
Alaska	1.7	1.8	.2	.2	2.0	2.0
Hawaii	23.4	24.9	129.6	110.3	153.0	135.2
UNITED STATES						
Grand Total	15,987.1	19,476.6	13,713.8	14,041.0	29,700.9	33,517.6

¹ Estimates as of the first of current month. ² Sales of farm products include receipts from loans reported minus value of redemptions during the period. Rounded data may not add.

Farm marketing indexes (physical volume)¹

Items	Annual			1975		1976				
	1973	1974	1975	May	Dec	Jan	Feb	Mar	Apr	May ²
1967=100										
All commodities	113	111	115	91	125	130	99	94	92	91
Livestock and products	105	104	106	105	105	107	105	110	111	106
Crops	126	121	128	71	154	162	90	74	66	70

¹ Base weight period shifted from 1967-69 to 1971-73.

FARM PRICES: RECEIVED AND PAID

Prices received by farmers, U.S. average

Commodities	Annual			1975		1976				
	1973	1974	1975	June	Jan	Feb	Mar	Apr	May	June ²
Crops										
All wheat (\$/bu.)	3.16	4.48	3.68	2.92	3.43	3.66	3.65	3.50	3.43	3.42
Rice, rough (\$/cwt.)	11.00	13.94	¹ 10.12	11.20	7.95	7.54	5.91	7.09	7.06	7.32
Corn (\$/bu.)	1.89	2.92	2.70	2.68	2.44	2.48	2.50	2.46	2.61	2.74
Sorghum (\$/cwt.)	3.20	4.59	4.31	4.15	4.06	4.09	4.13	4.13	4.14	4.29
All hay, baled (\$/ton)	39.10	49.10	51.40	53.60	52.70	54.30	54.10	54.10	64.80	59.60
Soybeans (\$/bu.)	6.50	6.42	5.24	4.90	4.46	4.50	4.46	4.52	4.87	6.16
Cotton, Upland (cts./lb.)	32.46	51.26	41.17	38.90	50.50	51.70	52.80	50.20	57.10	59.40
Potatoes (\$/cwt.)	4.25	5.70	4.16	5.33	4.52	4.80	4.95	5.23	5.26	5.43
Dry edible beans (\$/cwt.)	16.90	32.20	20.30	18.40	20.00	18.80	17.90	16.20	17.00	16.00
Apples for fresh use (cts./lb.)	10.7	10.9	11.5	15.3	8.5	8.3	9.1	10.0	9.3	7.1
Pears for fresh use (\$/ton)	² 192	¹ 200	¹ 185	—	187	188	239	218	244	—
Oranges, all uses (\$/box) ³	1.93	1.96	1.65	1.86	1.83	1.93	2.09	2.16	2.31	2.24
Grapefruit, all uses (\$/box) ³	2.02	1.84	1.80	1.13	1.38	1.25	1.22	1.27	1.87	1.16
Livestock										
Beef cattle (\$/cwt.) ⁴	42.80	35.60	32.30	36.80	33.50	34.20	33.60	37.90	36.90	36.30
Calves (\$/cwt.) ⁴	56.60	35.20	27.20	29.10	31.40	34.40	35.30	38.00	38.80	37.90
Hogs (\$/cwt.)	39.40	34.30	47.50	47.40	47.50	47.90	45.50	47.00	47.50	49.10
Lambs (\$/cwt.) ⁴	35.10	37.00	42.10	44.80	47.70	46.80	49.70	54.60	60.30	51.00
All milk, sold to plants (\$/cwt.) ⁴	7.14	8.33	8.71	7.97	10.20	9.79	9.72	9.37	9.23	⁵ 9.14
Milk, manuf. grade (\$/cwt.) ⁴	6.20	7.13	7.62	7.10	9.07	8.45	8.53	8.50	8.31	⁵ 8.31
Broilers (cts./lb.)	24.2	21.8	26.2	27.6	24.3	25.2	24.4	23.7	24.7	24.3
Eggs (cts./doz.) ⁶	54.1	53.0	52.8	45.6	62.2	59.8	54.1	53.4	55.5	53.8
Turkeys (cts./lb.)	34.8	28.8	33.6	32.7	33.6	32.1	32.5	31.6	32.0	31.4
Wool (cts./lb.) ⁴ ⁷	82.7	59.1	44.7	46.7	48.4	53.1	52.8	67.8	69.5	69.0

¹ Eleven month average. ² Ten month average. ³ Equivalent on-tree returns. ⁴ Weighted averages for annual data. ⁵ Preliminary. ⁶ Average

of all eggs sold by farmers, including hatching eggs and eggs sold at retail. ⁷ Average local market price, excluding incentive payments.

Indexes of prices received and paid by farmers, U.S. average

Items	Annual			1975	1976					
	1973	1974	1975	June	Jan	Feb	Mar	Apr	May	June
1967=100										
Prices Received										
All farm products	179	192	186	186	186	187	186	189	191	195
All crops	175	224	201	198	191	193	195	193	198	209
Food grains	215	300	242	202	221	233	227	222	218	218
Feed grains and hay	163	243	230	227	212	216	217	214	229	237
Feed grains	163	249	232	227	211	214	216	213	223	235
Cotton	144	228	183	173	224	230	235	223	254	264
Tobacco	129	148	162	166	158	158	158	158	158	158
Oil-bearing crops	226	232	195	184	169	170	169	171	181	222
Fruit	137	141	140	157	126	130	138	140	138	128
Fresh market ¹	137	136	135	155	123	129	138	141	139	127
Commercial vegetables	134	143	164	185	175	157	167	165	142	156
Fresh market	156	152	173	204	191	163	179	177	140	162
Potatoes ²	206	290	214	262	225	233	236	243	246	248
Livestock and products	183	165	172	176	183	183	178	186	185	184
Meat animals	198	165	169	184	174	178	173	188	186	187
Dairy products	143	166	174	158	203	194	193	188	183	181
Poultry and eggs	176	163	179	172	188	186	175	172	178	174
Prices Paid										
Commodities and services, interest, taxes, and wage rates	144	166	181	183	190	191	192	193	193	195
Family living items	133	151	166	166	172	172	173	174	174	175
Production items	146	166	182	186	191	193	194	197	196	199
Feed	160	194	187	184	182	183	185	183	187	199
Feeder livestock	192	148	134	146	148	160	158	174	168	162
Interest on indebtedness secured by farm real estate	193	235	281	281	302	302	302	302	302	302
Taxes on farm real estate	146	154	162	162	169	169	169	169	169	169
Wage rates (seasonally adjusted)	155	178	192	190	213	213	213	209	209	209
Production items, interest, taxes, and wage rates	149	172	187	190	197	199	200	202	201	204
Prices received (1910-14=100)	447	481	464	465	466	468	464	473	477	488
Prices paid, etc. (Parity index) (1910-14=100)	490	564	615	622	645	649	652	656	656	663
Parity ratio	91	85	75	75	72	72	71	72	73	74

¹ Fresh market for noncitrus and fresh market and processing for citrus. ² Includes sweetpotatoes and dry edible beans.

WHOLESALE AND RETAIL PRICES

Wholesale Price Index, U.S. average (not seasonally adjusted)

Commodity group	Annual			1975	1976					
	1973	1974	1975	June	Jan	Feb	Mar	Apr	May	June
1967=100										
All commodities	134.7	160.1	174.9	173.7	179.3	179.3	179.6	181.3	181.8	183.1
Industrial commodities	125.9	153.8	171.5	170.7	177.3	178.0	178.9	180.0	180.4	181.3
All foods ¹	146.9	174.4	186.0	184.3	183.2	179.7	178.2	181.5	182.1	180.1
Farm products and processed foods and feed	159.1	177.4	184.2	182.3	184.6	182.0	180.3	183.7	184.9	187.5
Farm products	176.3	187.7	186.7	186.2	192.8	191.0	187.2	192.9	192.6	196.5
Fruits and vegetables ²	168.1	192.3	183.7	206.7	194.8	192.6	184.5	195.0	179.0	160.8
Grains	183.6	257.9	223.9	203.3	210.5	214.3	217.8	209.0	213.5	225.1
Livestock	190.4	170.6	187.8	202.4	184.7	179.5	170.7	192.3	186.9	185.1
Poultry, live	179.5	157.4	189.8	190.6	169.0	173.1	182.6	165.4	174.3	174.9
Fibers, plant and animal	197.8	193.9	153.1	145.4	193.5	186.5	187.9	187.5	201.5	235.9
Milk	145.0	172.8	180.2	165.5	212.3	207.6	207.6	197.0	194.2	190.2
Eggs	165.7	160.6	159.8	137.9	182.0	177.0	159.2	162.6	171.5	165.8
Oilseeds	231.2	232.2	198.5	190.4	170.0	173.2	172.9	172.2	181.2	219.7
Processed foods and feeds	148.1	170.9	182.6	179.7	179.4	176.4	175.8	178.0	179.9	181.8
Meats	163.4	159.6	188.7	199.3	190.4	180.3	171.7	183.5	182.8	182.0
Beef and veal	163.6	158.6	176.3	202.3	173.1	162.0	150.0	171.5	162.0	157.9
Pork	160.5	162.3	214.7	206.5	224.6	213.5	202.4	203.3	212.6	220.9
Poultry	177.2	157.3	184.1	186.5	164.5	170.1	178.8	163.8	171.8	172.2
Fish	190.8	204.6	218.7	217.5	253.1	256.2	261.3	271.3	279.9	283.7
Dairy	131.1	146.4	155.8	150.5	169.7	163.4	166.7	167.7	167.1	167.0
Processed fruits and vegetables	129.6	154.6	169.8	170.9	167.6	166.7	166.5	167.1	167.9	170.0
Cereal and bakery products	134.4	171.2	178.0	174.4	174.7	175.1	174.5	172.8	173.4	173.7
Sugar and confectionery	132.3	258.9	254.3	217.8	202.6	200.4	207.5	202.5	208.7	197.4
Beverages	121.7	140.7	162.4	160.4	165.1	167.0	167.0	169.3	172.3	172.7
Vegetable oil and products	143.6	224.8	211.5	206.7	174.1	170.9	170.2	168.8	173.4	170.6
Textile products and apparel	123.8	139.1	137.9	135.9	145.1	146.3	146.7	147.4	147.0	148.1
Apparel	119.0	129.5	133.4	132.5	136.5	137.4	137.8	138.6	137.9	139.4
Hides, leather, and related products	143.1	145.1	148.5	148.7	157.5	159.9	162.0	165.4	169.6	167.4
Footwear	130.5	140.0	147.8	146.9	151.5	153.0	153.9	155.3	156.2	157.8
Lumber and wood products	177.2	183.6	176.8	181.0	190.5	196.0	202.3	203.3	202.3	199.8
Tobacco products	121.9	132.8	149.6	148.7	159.0	159.1	159.3	162.1	161.9	161.9

¹Includes all processed food (except soft drinks, alcoholic beverages, and manufactured animal feeds) plus eggs and fresh and

dried fruits and vegetables from farm product group. ²Fresh and dried.

Consumer Price Index, U.S. average (not seasonally adjusted)

Items	Annual			1975	1976					
	1973	1974	1975	June	Jan	Feb	Mar	Apr	May	June
1967=100										
Consumer price index, all items	133.1	147.7	161.2	160.6	166.7	167.1	167.5	168.2	169.2	170.1
Consumer price index, less food	130.7	143.7	157.1	156.6	162.6	163.4	164.2	165.0	166.0	167.0
All food	141.4	161.7	175.4	174.4	180.8	180.0	178.7	179.2	180.0	180.9
Food away from home	141.4	159.4	174.3	173.1	180.9	181.9	182.8	183.8	184.8	185.6
Food at home	141.4	162.4	175.8	174.9	180.8	179.6	177.7	178.1	178.8	179.7
Meats ¹	161.1	164.1	177.9	177.8	186.8	182.8	179.6	176.6	180.6	181.6
Beef and veal	163.8	168.5	170.0	176.6	174.9	168.3	164.7	160.8	167.1	166.5
Pork	161.7	161.0	196.9	187.9	210.1	208.5	204.3	200.0	201.9	205.0
Poultry	154.8	146.9	162.4	157.7	164.5	159.8	157.7	158.0	155.3	160.7
Fish	162.8	187.7	203.3	200.4	216.1	219.2	219.3	222.3	225.1	226.3
Eggs	160.2	160.8	157.8	137.2	182.8	184.9	160.4	159.4	154.5	152.6
Dairy products ²	127.9	151.9	156.6	153.3	168.2	168.5	167.9	167.9	167.4	167.9
Fats and oils ³	126.4	179.4	198.6	195.8	182.4	177.4	175.0	171.7	170.6	170.4
Fruits and vegetables	142.5	165.8	171.0	177.4	173.3	173.2	173.6	179.0	176.4	176.7
Fresh	150.8	162.6	166.1	179.0	163.8	164.4	165.2	174.7	171.7	173.6
Processed	130.2	170.6	178.3	175.0	187.3	186.4	186.1	185.4	183.3	181.3
Cereals and bakery products	127.7	166.1	184.8	185.2	182.0	181.1	180.6	180.2	180.8	181.3
Sugar and sweets	128.3	195.2	246.2	236.8	224.5	224.0	222.4	221.1	219.5	219.3
Beverages, nonalcoholic	130.2	155.6	178.9	174.9	191.1	191.7	193.0	198.0	203.3	208.7
Apparel commodities less footwear	126.5	135.7	140.6	139.6	140.9	141.4	142.2	142.8	144.2	144.1
Footwear	130.2	138.1	144.2	143.8	144.7	146.1	147.5	149.0	149.6	149.5
Tobacco products	137.0	143.8	153.9	153.6	158.1	159.2	159.5	159.9	160.1	160.2
Beverages, alcoholic	122.5	131.8	142.1	142.1	144.0	144.4	145.2	146.0	146.6	146.8

¹ Beef, veal, lamb, mutton, pork, and processed meat. ² Includes butter. ³ Excludes butter.

FARM-RETAIL PRICE SPREADS

Farm-retail price spreads¹

Commodities	Annual			1975	1976					
	1973	1974	1975	June	Jan	Feb	Mar	Apr	May	June
Market basket:										
Retail cost (1967=100)	142.3	161.9	173.6	172.9	178.5	176.9	174.8	174.9	175.2	175.9
Farm value (1967=100)	167.2	178.4	187.1	190.4	186.1	183.5	180.6	184.2	181.9	183.4
Farm-retail spread (1967=100)	126.5	151.4	165.1	161.8	173.7	172.7	171.1	169.0	171.0	171.1
Farmer's share (%)	46	43	42	43	40	40	40	41	40	40
Beef, choice:										
Retail price ² (cts./lb.)	135.5	138.8	146.0	157.8	148.6	142.7	135.1	142.0	141.7	140.8
Carcass value ³ (cts.)	98.1	97.4	105.5	123.2	96.4	90.1	82.8	95.9	92.1	91.0
Net farm value (cts./2.28 lbs.)	89.9	86.1	92.9	110.2	83.5	77.7	71.8	87.4	81.2	80.6
Farm-retail spread (cts.)	45.6	52.7	53.1	47.6	65.1	65.0	63.3	54.6	60.5	60.2
Carcass-retail spread ⁴ (cts.)	37.4	41.4	40.5	34.6	52.2	52.6	52.3	46.1	49.6	49.8
Farm-carcass spread ⁵ (cts.)	8.2	11.3	12.6	13.0	12.9	12.4	11.0	8.5	10.9	10.4
Farmer's share (%)	66	62	64	70	56	54	53	62	57	57
Pork:										
Retail price ² (cts./lb.)	109.8	108.2	135.0	130.5	144.2	141.6	138.7	136.6	138.6	140.4
Wholesale value ³ (cts.)	87.3	77.4	103.8	104.6	103.3	101.5	96.2	98.6	101.4	101.8
Net farm value (cts./1.97 lbs.)	71.5	60.8	86.9	91.1	87.4	87.8	83.9	86.2	88.2	91.7
Farm-retail spread (cts.)	38.3	47.4	48.1	39.4	56.8	53.8	54.8	50.4	50.4	48.7
Carcass-retail spread ⁴ (cts.)	22.5	30.8	31.2	25.9	40.9	40.1	42.5	38.0	37.2	38.6
Farm-carcass spread ⁵ (cts.)	15.8	16.6	16.9	13.5	15.9	13.7	12.3	12.4	13.2	10.1
Farmer's share (%)	65	56	64	70	61	62	60	63	64	65

See footnotes at end of table.

Farm-retail price spreads¹—Continued

Commodities	Annual			1975						
	1973	1974	1975	June	Jan	Feb	Mar	Apr	May	June
Milk, fresh:										
Retail price (cts./½gal.)	65.4	78.4	78.5	77.2	82.2	82.7	82.8	82.6	82.0	82.2
Farm value (cts./4.39 lbs. Class I)	34.1	40.8	41.2	40.0	47.1	48.4	46.9	44.5	45.5	44.8
Farm-retail spread (cts.)	31.3	37.6	37.3	37.2	35.1	34.3	35.9	38.1	36.5	37.4
Farmer's share (%)	52	52	52	52	57	59	57	54	55	55
Chicken, frying:										
Retail price (cts./lb.)	59.6	56.0	63.3	61.3	63.6	61.4	60.8	60.7	59.4	62.0
Farm value (cts./1.41 lbs. broilers)	35.0	31.6	37.3	37.4	35.0	34.7	35.7	32.6	32.1	34.5
Farm-retail spread (cts.)	24.6	24.4	26.0	23.9	28.6	26.7	25.1	28.1	27.3	27.5
Farmer's share (%)	59	56	59	61	55	57	59	54	54	56
Eggs, large grade A										
Retail price (cts./doz.)	78.0	78.3	77.0	66.9	89.1	90.1	78.2	77.6	75.2	74.4
Farm value (cts./1.03 doz.)	54.4	53.2	50.8	40.9	60.8	63.3	50.6	52.4	50.5	47.9
Farm-retail spread (cts.)	23.6	25.1	26.2	26.0	28.3	26.8	27.6	25.2	24.7	26.5
Farmer's share (%)	70	68	66	61	68	70	65	68	67	64
Bread, white:										
Retail price (cts./lb.)	27.6	34.5	36.0	35.6	35.5	35.2	35.2	35.1	35.3	35.6
Farm value (cts./0.867 lb. wheat)	4.1	5.4	4.5	3.6	4.1	4.5	4.5	4.3	4.2	4.2
Farm value (cts. for all farm ingredients)	5.5	8.0	6.8	5.6	6.0	6.3	6.4	6.1	6.1	6.0
Farm-retail spread (cts.)	22.1	26.5	29.2	30.0	29.5	28.9	28.8	29.0	29.2	29.6
Farmer's share (%)	20	23	19	16	17	18	18	17	17	17
Lettuce:										
Retail price (cts./head)	41.8	42.3	41.5	42.2	43.7	39.2	38.2	40.7	44.9	40.7
Farm value (cts./1.88 lbs.)	14.2	13.2	13.8	9.9	17.5	10.3	18.1	15.4	11.3	11.9
Farm-retail spread (cts.)	27.6	29.1	27.7	32.3	26.2	28.9	20.1	25.3	33.6	28.8
Farmer's share (%)	34	31	33	23	40	26	47	38	25	29
Potatoes:										
Retail price (cts./10 lbs.)	136.6	166.4	134.4	135.0	139.4	156.2	154.1	159.8	166.0	177.1
Farm value (cts./10.42 lbs.)	44.4	59.4	45.4	55.5	47.1	50.0	51.6	54.5	54.8	56.6
Farm-retail spread (cts.)	92.2	107.0	89.0	79.5	92.3	106.2	102.5	105.3	111.2	120.5
Farmer's share (%)	32	36	34	41	34	32	33	34	33	32
Tomatoes:										
Retail price (cts./lb.)	48.2	54.8	57.8	66.7	60.5	54.2	57.4	66.2	60.3	52.6
Farm value (cts./1.18 lbs.)	19.8	21.0	23.8	36.5	22.9	17.4	25.6	27.9	16.3	28.6
Farm-retail spread (cts.)	28.4	33.8	34.0	30.2	37.6	36.8	31.8	38.3	44.0	24.0
Farmer's share (%)	41	38	41	55	38	32	45	42	27	54
Orange juice, frozen concentrate:										
Retail price (cts./6-oz. can)	25.0	25.9	28.2	27.9	29.2	29.2	29.1	29.2	29.2	29.3
Farm value (cts./3.08 lbs.)	8.6	9.2	8.6	8.0	9.2	9.7	10.3	10.9	11.0	11.3
Farm-retail spread (cts.)	16.4	16.7	19.6	19.9	20.0	19.5	18.8	18.3	18.2	18.0
Farmer's share (%)	34	36	30	29	31	33	35	37	38	39
Margarine:										
Retail price (cts./lb.)	37.4	57.4	62.9	60.4	56.6	54.3	53.5	51.7	51.6	51.1
Farm value (cts. for veg. oil and NFDM)	14.0	27.8	21.0	17.9	14.4	14.3	14.5	14.6	13.4	15.0
Farm-retail spread (cts.)	23.4	29.6	41.9	42.5	42.2	40.0	39.0	37.1	38.2	36.1
Farmer's share (%)	37	48	33	30	25	26	27	28	26	29

¹ For a market basket of U.S. farm foods representing the average quantities purchased annually per household in 1960-61 and selected items. Retail prices are from Bureau of Labor Statistics unless otherwise noted. The farm value is the payment to farmers for quantity of farm product equivalent to retail unit, less allowance for byproduct. Farm values are based on prices at first point of sale and may include marketing charges such as grading and packing for some commodities. The farm-retail spread, the difference between the retail price and the farm value, represents charges for assembling,

processing, transporting, and distributing these foods. Data are preliminary. ² Composite monthly average prices of all cuts adjusted for volume sold at special prices derived from BLS and food chain prices. ³ For a quantity equivalent to 1 lb. retail cuts: Beef, 1.41 lb. of carcass beef (1975 data based on yield grade 3); pork, 1.07 lb. of wholesale cuts. ⁴ Represents charges for retailing and other marketing services such as fabricating, wholesaling, and in-city transportation. ⁵ Represents charges made for livestock marketing, processing, and transportation to city where consumed.

Farm-retail price spreads for selected foods

Second Quarter

Commodities in retail units	Retail price (cents)			Farm value (cents)			Farm-retail spread (cents)			Farmer's share (percent)		
	1974	1975	1976 ¹	1974	1975	1976 ¹	1974	1975	1976 ¹	1974	1975	1976 ¹
Beef, Choice (lb.)	134.5	146.5	141.5	81.7	101.3	83.1	52.8	45.2	58.4	61	69	59
Lamb, Choice (lb.)	142.5	163.9	188.2	83.6	97.8	118.8	58.9	66.1	69.4	59	60	63
Pork (lb.)	99.3	123.1	138.5	47.9	81.5	88.7	51.4	41.6	49.8	48	66	64
Butter (lb.)	93.5	95.5	120.5	52.3	58.1	79.9	41.2	37.4	40.6	56	61	66
Cheese, American process (½ lb.)	75.4	74.0	85.5	33.9	34.1	40.8	41.5	39.9	44.7	45	46	48
Ice cream (½ gal.)	105.1	121.3	125.9	37.9	38.6	45.5	67.2	82.7	80.4	36	32	36
Milk, evaporated (14½ oz.)	28.5	30.4	34.1	15.0	14.3	16.6	13.5	16.1	17.7	53	47	48
Milk, fresh:												
Sold in stores (½ gal.)	80.1	77.7	82.3	43.4	39.8	44.9	36.7	37.9	37.4	54	51	55
Chicken, frying (lb.)	53.0	58.9	60.7	28.8	34.7	33.1	24.2	24.2	27.6	54	59	55
Turkey (lb.)	70.9	70.1	74.4	32.4	39.8	40.5	38.5	30.3	33.9	46	57	54
Eggs, large Grade A (doz.)	68.5	71.6	75.7	43.9	44.6	50.3	24.6	27.0	25.4	64	62	66
Bread, white:												
All ingredients (lb.)	34.4	36.2	35.3	6.7	6.2	6.1	27.7	30.0	29.2	19	17	17
Wheat (lb.)	—	—	—	4.5	4.0	4.2	—	—	—	13	11	12
Bread, whole wheat (lb.)	52.0	57.3	57.4	5.9	5.4	5.4	46.1	51.9	52.0	11	9	9
Cookies, sandwich (lb.)	69.5	95.6	95.8	14.7	13.2	10.5	54.8	82.4	85.3	21	14	11
Corn flakes (12 oz.)	39.0	52.0	51.7	4.3	4.5	4.5	34.7	47.5	47.2	11	9	9
Flour, white (5 lb.)	106.9	101.3	93.0	36.4	32.8	33.3	70.5	68.5	59.7	34	32	36
Rice, long grain (lb.)	53.2	47.4	44.0	22.3	16.1	10.4	30.9	31.3	33.6	42	34	24
Apples (lb.)	34.9	35.7	33.3	12.4	14.7	9.2	22.5	21.0	24.1	36	41	28
Grapefruit (ea.)	18.6	21.9	20.6	4.1	5.5	4.1	14.5	16.4	16.5	22	25	20
Lemons (lb.)	41.3	42.9	45.2	10.1	9.7	9.7	31.2	33.2	35.5	24	23	21
Oranges (doz.)	107.9	111.7	107.4	24.0	25.4	21.3	83.9	86.3	86.1	22	23	20
Cabbage (lb.)	16.7	17.8	16.0	4.9	6.6	4.9	11.8	11.2	11.1	29	37	31
Carrots (lb.)	21.9	29.3	23.4	7.3	11.3	6.9	14.6	18.0	16.5	33	39	29
Celery (lb.)	23.5	25.0	29.2	6.7	7.5	7.7	16.8	17.5	21.5	29	30	26
Cucumbers (lb.)	35.5	42.5	35.3	14.0	15.5	11.0	21.5	27.0	24.3	39	36	31
Lettuce (head)	45.2	39.9	42.1	13.2	10.7	12.9	31.8	29.2	29.2	30	27	31
Onions (lb.)	20.5	25.9	24.6	5.2	11.4	7.7	15.3	14.5	16.9	25	44	31
Peppers, green (lb.)	63.4	62.9	69.0	25.7	24.0	27.0	37.7	38.9	42.0	41	38	39
Potatoes (10 lb.)	223.7	115.8	167.6	78.4	42.1	55.3	145.3	73.7	112.3	35	36	33
Tomatoes (lb.)	58.2	59.6	59.7	23.5	25.3	24.3	34.7	34.3	35.4	40	42	41
Peaches, canned (No. 2½)	48.6	60.5	58.4	11.0	17.3	14.3	37.6	43.2	44.1	23	29	24
Pears, canned (No. 2½)	61.5	75.3	71.0	13.9	21.4	15.4	47.6	53.9	55.6	23	28	22
Beets, canned (No. 303)	27.2	33.2	31.8	1.8	2.4	2.4	25.4	30.8	29.4	7	7	8
Corn, canned (No. 303)	27.6	38.8	35.3	3.1	5.4	5.6	24.5	33.4	29.7	11	14	16
Peas, canned (No. 303)	29.7	39.4	38.2	4.4	6.8	8.0	25.3	32.6	30.2	15	17	21
Tomatoes, canned (No. 303)	28.9	35.2	34.8	3.2	4.9	4.8	25.7	30.3	30.0	11	14	14
Lemonade, frozen (6-oz. can)	16.1	23.8	22.9	4.8	7.6	3.9	11.3	16.2	19.0	30	32	17
Orange juice, frozen (6-oz. can)	25.6	28.0	29.3	9.2	8.1	11.1	16.4	19.9	18.2	36	29	38
Potatoes, french fried, frozen (9 oz.)	21.1	25.4	27.4	7.2	4.6	5.8	13.9	20.8	21.6	34	18	21
Peas, frozen (10 oz.)	26.4	34.5	34.7	4.2	7.0	7.3	22.2	27.5	27.4	16	20	21
Beans, dried (lb.)	79.3	37.2	51.5	40.9	13.9	17.3	38.4	23.3	34.2	52	37	34
Margarine (lb.)	53.9	63.7	51.5	23.0	20.3	14.3	30.9	43.4	37.2	43	32	28
Peanut butter (12-oz. jar) ²	59.1	68.9	70.0	20.1	23.6	25.2	39.0	45.3	44.8	34	34	36
Salad and cooking oil (24-oz. bottle)	102.4	120.0	94.0	36.9	31.9	22.3	65.5	88.1	71.7	36	27	24
Vegetable shortening (3 lb.)	171.6	194.2	151.9	80.5	70.2	29.1	91.1	124.0	102.8	47	36	32
Sugar (5 lb.)	126.6	182.9	124.6	81.3	75.2	53.2	45.3	107.7	71.4	64	41	43
Spaghetti, canned (15½-oz. can)	22.0	26.6	26.7	3.2	3.9	3.7	18.8	22.7	23.0	15	15	14

¹ Preliminary.

² Farm value revised—farm-product equivalent changed from 1.21 to 1.35 pounds of farmer's stock peanuts.

Food marketing: Spreads, costs, and profit rates

Year	Farm-retail price spread	Intermediate goods and services ¹			Hourly earnings ²	Interest rates ³	Profit rates after taxes		
		Total	Containers, packaging	Fuel, power and light			Food retailers ⁴		Food manu- facturers ⁵
							15 leading chains	Excluding A&P	
1967=100					Dollars	Percent	Percent of sales		
1970	113.4	113	108	108	3.03	8.48	1.04	1.08	2.5
1971	116.5	120	113	120	3.24	6.32	.94	1.09	2.6
1972	118.9	126	117	126	3.45	5.82	.47	.77	2.6
1973	126.5	134	123	138	3.66	8.30	.73	.85	2.6
1974	151.4	159	151	202	3.99	11.28	.37	.89	2.9
1975	165.3	180	174	237	4.40	8.65	.81	.95	3.2
1973									
I	119.1	130	120	131	3.60	6.52	.43	.55	—
II	124.6	134	123	135	3.63	7.35	.70	.83	—
III	124.4	136	124	139	3.67	9.24	.46	.60	—
IV	137.7	140	126	151	3.75	10.08	.89	1.06	3.0
1974									
I	142.5	148	131	175	3.85	9.91	.84	.88	2.7
II	154.6	155	145	200	3.94	11.15	.74	.77	2.7
III	152.4	166	161	212	4.04	12.40	1.03	1.17	3.2
IV	156.7	170	169	220	4.14	11.64	.61	.65	3.0
1975 ⁶									
I	166.2	176	173	231	4.28	9.94	-1.00	.83	2.4
II	162.0	178	174	237	4.34	8.16	.59	.75	3.3
III	163.4	181	174	238	4.43	8.22	.85	.93	3.7
IV	168.8	184	176	241	4.55	8.29	.84	.96	3.2
1976 ⁶									
I	172.5	186	179	243	4.65	7.54	.94	1.09	3.1
II	170.4	190	185	252	4.75	—	—	—	—

¹ Represents all goods purchased by food marketing firms except raw materials and plant and equipment, and all services except those performed by employees, calculated from wholesale price relatives.

² Weighted composite of production employees in food manufacturing and nonsupervisory employees in wholesale and retail trade, calculated from data of the U.S. Department of Labor. ³ Bank rates on short-term business loans in 35 centers, Department of Commerce.

⁴ Compiled from "Moody's Industrial Manual." Two series are shown

because of the low profit levels of A&P in recent years and the substantial loss incurred in 1974 due to the establishment of reserve to cover expected losses from its planned closings of stores.

⁵ Compiled from "Quarterly Financial Report for Manufacturing Corporations" published by the Federal Trade Commission. Data since the fourth quarter of 1973 are imperfectly comparable with prior data because of changes in accounting methods. ⁶ Preliminary.

LIVESTOCK AND PRODUCTS: PRICES, SUPPLIES AND USE

Dairy:

Items	Annual			1975	1976					
	1973	1974	1975	June	Jan	Feb	Mar	Apr	May	June
Milk production:										
Total milk (mil. lb.)	115,385	115,553	115,458	10,435	9,545	9,248	10,250	10,450	11,184	10,865
Milk per cow (lb.)	10,114	10,300	10,354	936	862	835	926	944	1,011	982
Number of milk cows (thou.)	11,409	11,219	11,151	11,153	11,079	11,072	11,072	11,072	11,061	11,061
Milk prices, Minnesota-Wisconsin,										
3.5% fat (\$/cwt.) ¹	6.30	7.06	7.62	7.11	8.90	8.25	8.60	8.44	8.30	8.32
Price of 16% dairy ration (\$/ton)	113	138	134	130	136	136	136	135	137	143
Milk-feed price ratio (lb.) ²	1.46	1.34	1.39	1.30	1.75	1.66	1.64	1.60	1.51	1.42
Stocks, beginning										
Total milk equiv. (mil. lb.) ³	5,498	5,207	5,886	6,277	3,844	3,751	3,957	4,306	4,850	5,846
Commercial (mil. lb.)	3,493	4,732	5,576	5,242	3,719	3,659	3,889	4,225	4,766	5,751
Government (mil. lb.)	2,005	476	310	1,035	124	92	68	81	84	94
Imports, total milk equiv. (mil. lb.) ³	3,859	2,923	1,669	80	156	126	139	111	118	—
USDA net removals:										
Total milk equiv. (mil. lb.) ³	2,185	1,346	2,036	239.5	5.0	5.8	4.7	20.4	14.7	33.0
Butter:										
Production (mil. lb.)	918.6	961.7	980.5	88.0	94.3	85.4	89.3	87.6	94.0	—
Stocks, beginning (mil. lb.)	107.5	46.4	49.2	85.1	10.9	9.3	16.5	31.2	44.5	69.1
Wholesale price, Grade A										
Chicago (cts./lb.)	69.8	65.7	79.4	69.2	86.1	80.9	86.0	89.5	89.9	95.0
USDA net removals (mil. lb.)	97.7	32.7	63.4	8.1	0	0	0	.4	0	0
Commercial disappearance (mil. lb.)	855.6	929.9	947.7	76.6	96.3	77.2	75.3	74.2	72.2	—
American cheese:										
Production (mil. lb.)	1,672.5	1,858.6	1,654.5	169.4	149.3	149.7	165.8	187.2	204.1	—
Stocks, beginning (mil. lb.)	269.4	290.3	420.9	390.8	307.8	303.4	305.9	312.7	333.8	375.7
Wholesale price, Wisconsin assembly										
pt. (cts./lb.)	72.6	79.9	86.6	82.4	100.4	90.0	94.4	96.9	94.9	95.5
USDA net removals (mil. lb.)	3.2	60.3	68.2	6.8	0	0	0	.5	1.1	3.1
Commercial disappearance (mil. lb.)	1,677.1	1,780.6	1,717.0	145.9	153.4	147.8	159.0	165.3	161.0	—
Other cheese:										
Production (mil. lb.)	1,012.8	1,078.8	1,156.7	105.6	99.7	91.5	109.1	109.8	109.5	—
Stocks, beginning (mil. lb.)	62.0	67.5	73.1	62.4	60.8	59.2	60.0	58.5	59.3	60.0
Commercial disappearance (mil. lb.)	1,210.2	1,276.5	1,331.8	112.7	112.4	100.6	120.6	121.0	120.3	—
Nonfat dry milk:										
Production (mil. lb.)	916.6	1,019.9	994.0	121.9	67.0	71.1	78.4	87.6	104.9	—
Stocks, beginning (mil. lb.)	44.9	74.6	293.2	382.7	468.9	453.6	460.3	475.6	442.0	463.6
Wholesale price, avg. manf. (cts./lb.)	46.4	58.6	63.3	60.7	65.9	64.3	63.5	63.1	62.8	—
USDA net removals (mil. lb.)	36.8	265.0	394.5	84.2	6.7	6.6	5.9	5.6	16.0	22.5
Commercial disappearance (mil. lb.)	1,110.1	809.9	689.5	45.2	64.4	58.4	66.8	63.8	66.0	—
Frozen dessert production (mil. gal.)⁴	1,118.6	1,128.0	1,176.0	123.8	74.3	77.4	102.0	99.9	100.6	—

¹ Manufacturing grade milk. ² Pounds of ration equal in value to 1 lb. of milk. ³ Milk equivalent, fat-solids basis. ⁴ Ice cream, ice milk, and sherbet.

Meat animals:

Items	Annual			1975							1976		
	1973	1974	1975	June	Jan	Feb	Mar	Apr	May	June			
Cattle on feed (7-States)													
Number on feed (thou. head) ¹	9,884	9,353	6,369	5,841	8,533	8,353	8,117	7,525	7,519	7,254			
Placed on feed (thou. head) ²	18,382	15,861	18,090	1,380	1,372	1,399	1,397	1,617	1,324	1,387			
Marketings (thou. head)	18,913	17,380	14,987	1,148	1,462	1,517	1,857	1,502	1,489	1,457			
Other disappearance (thou. head)	—	1,465	939	67	90	118	132	121	100	110			
Beef steer-corn price ratio, Omaha (bu.) ³	21.6	13.7	15.8	18.2	16.0	14.9	13.8	16.6	14.8	14.2			
Hog-corn price ratio, Omaha (bu.) ³	19.3	11.3	16.9	17.9	18.6	18.6	17.7	18.3	17.7	17.6			
Commercial slaughter (thou. head)													
Cattle	33,687	36,812	40,911	3,193	3,762	3,336	3,813	3,354	3,238	—			
Steers	18,322	19,680	17,819	1,437	1,493	1,438	1,762	1,506	1,496	—			
Heifers	8,441	8,798	10,438	786	1,072	988	1,174	999	923	—			
Cows	6,248	7,514	11,557	868	1,114	837	797	765	738	—			
Bulls and stags	676	820	1,098	102	83	73	80	84	81	—			
Calves	2,249	2,987	5,209	382	466	408	496	419	367	—			
Sheep and lambs	9,597	8,847	7,835	636	601	528	587	590	448	—			
Hogs	76,795	81,762	68,687	5,386	5,698	5,122	6,612	6,087	5,331	—			
Commercial production (mil. lb.)													
Beef	21,088	22,844	23,673	1,849	2,207	1,966	2,318	2,017	1,966	—			
Veal	325	442	827	63	73	62	71	59	56	—			
Lamb and mutton	504	454	399	31	33	29	33	32	23	—			
Pork	12,578	13,583	11,314	889	953	850	1,092	1,003	879	—			
Market prices													
Slaughter cattle:													
Choice steers, Omaha	44.54	41.89	44.61	51.82	41.18	38.80	36.14	43.12	40.62	40.52			
Utility cows, Omaha	32.82	25.56	21.09	23.32	23.26	25.90	27.45	30.72	30.24	27.47			
Choice vealers, S. St Paul	64.08	49.63	40.44	39.15	51.90	50.05	50.58	49.49	44.95	37.60			
Feeder cattle:													
Choice, Kansas City, 600-700 lb.	53.17	37.88	33.91	36.81	37.46	40.42	39.69	44.62	44.21	42.83			
Slaughter hogs:													
Barrows and Gilts, No. 1&2, Omaha ⁴	41.25	36.85	50.12	52.26	50.24	49.68	47.23	48.86	49.78	51.91			
Barrows and Gilts, 7-markets	40.27	35.12	48.32	51.19	48.40	48.85	46.71	47.89	48.89	50.80			
Feeder pigs:													
S. Mo. 40-50 lb. (per head)	35.75	25.13	44.80	44.65	48.38	50.16	48.80	51.28	44.57	38.85			
Slaughter sheep and lambs:													
Lambs, Choice, San Angelo	38.20	40.51	44.45	46.06	49.25	49.00	56.25	62.95	62.12	50.81			
Ewes, Good, San Angelo	16.76	15.74	15.34	15.38	17.75	16.12	18.90	18.44	19.75	17.56			
Feeder lambs:													
Choice, San Angelo	37.17	36.52	41.40	39.69	48.38	49.69	56.30	62.71	59.56	48.56			
Wholesale meat prices, Midwest ⁵													
Choice steer beef, 600-700 lb.	67.62	67.76	72.55	85.76	66.68	62.22	56.97	65.85	63.56	62.45			
Canner and Cutter cow beef	65.78	53.48	42.90	46.64	49.12	53.25	56.44	60.48	59.12	54.88			
Pork loins, 8-14 lb.	76.83	73.60	92.69	102.04	97.80	95.36	85.25	87.60	94.67	97.88			
Pork bellies, 12-14 lb.	59.52	52.04	78.52	82.21	75.06	67.37	67.48	73.62	73.04	79.16			
Hams, skinned, 14-17 lb.	70.20	64.11	84.06	79.91	83.43	80.68	85.48	84.19	82.86	81.76			
		Annual			1975					1976			
Cattle on feed (23-States):													
Number on feed (thou. head) ¹	13,861	13,067	9,619	9,619	8,473	8,542	9,301	12,296	10,892	10,036			
Placed on feed (thou. head) ²	24,510	22,046	24,650	4,758	5,550	6,025	8,317	5,459	5,599	—			
Marketings (thou. head)	25,304	23,330	20,494	5,512	5,028	5,014	4,940	6,350	5,937	⁷ 5,983			
Other disappearance (thou. head)	—	2,164	1,479	392	453	252	382	513	518	—			
Hogs and pigs (14-States): ⁶													
Inventory (thou. head) ¹	50,616	52,825	47,170	47,170	40,330	40,955	41,535	41,855	40,865	44,918			
Breeding (thou. head) ¹	7,415	7,445	6,283	6,283	6,080	6,191	6,011	6,368	6,706	6,916			
Market (thou. head) ¹	43,201	45,380	40,887	40,887	34,250	34,764	35,524	35,487	34,159	38,002			
Farrowings (thou. head)	10,674	10,207	8,397	1,778	2,428	2,088	2,103	2,047	2,815	⁷ 2,415			
Pig crop (thou. head)	76,037	71,958	60,211	12,540	17,469	15,020	15,182	14,552	20,743	—			

¹ Beginning of period. ² Other disappearance excluded in 1973; not comparable with 1974 and 1975. ³ Bushels of corn equal in value to 100 pounds liveweight. ⁴ 220-240 lb. ⁵ Prior to Oct. 1975, Chicago;

annual 1975 midwest markets. ⁶ Annual is Dec. preceding year to Nov. listed; quarters are Dec. preceding year-Feb. (I), Mar-May (II), June-Aug (III), and Sept-Nov (IV). ⁷ Intentions.

Poultry and eggs:

Items	Annual			1975	1976					
	1973	1974	1975	June	Jan	Feb	Mar	Apr	May	June
Eggs										
Farm production (mil.)	66,568	65,927	64,341	5,230	5,518	5,191	5,561	5,333	5,452	5,264
Average number of layers on farms (mil.)	293	286	276	271	280	280	277	273	270	269
Rate of lay (eggs per layer)	228	231	233	19.3	19.7	18.6	20.0	19.6	20.2	19.6
Wholesale price, New York, grade A large (cts./doz.)	59.8	58.2	57.8	50.6	68.4	60.6	56.8	55.4	58.4	58.8
Price of laying feed (\$/ton)	137	154	147	144	143	143	145	144	146	156
Egg-feed price ratio (lb.) ¹	7.9	7.0	7.2	6.3	8.7	8.4	7.5	7.4	7.6	6.9
Stocks, beginning of period:										
Shell (thou. cases)	41	34	36	68	22	13	21	26	26	22
Frozen (mil. lb.)	68.1	43.2	54.2	44.7	36.3	31.7	28.7	29.3	29.4	29.1
Replacement chicks hatched (mil.)	534.3	473.4	453.8	40.9	35.7	39.2	49.1	50.8	47.6	41.9
Broilers										
Federally inspected slaughter, certified (mil. lb.)	7,786.1	7,916.8	7,966.1	683.1	712.3	632.3	771.9	742.5	745.4	—
Wholesale price, 9-city, (cts./lb.)	42.2	38.2	45.1	48.1	41.9	42.7	41.9	41.0	42.1	42.1
Price of broiler grower feed (\$/ton)	152	169	163	162	158	160	160	159	161	172
Broiler-feed price ratio (lb.) ¹	3.3	2.6	3.2	3.4	3.1	3.2	3.0	3.0	3.1	2.8
Stocks, beginning of period (mil. lb.)	29.1	33.4	37.2	22.6	22.3	20.2	19.4	18.9	19.0	17.4
Average weekly placements of broiler chicks, 21 States (mil.)	58.1	56.5	57.7	60.3	60.2	61.5	66.3	68.3	67.8	68.4
Turkeys										
Federally inspected slaughter, certified (mil. lb.)	1,787.9	1,835.8	1,716.1	138.4	76.3	61.7	68.6	79.9	106.5	—
Wholesale price, New York, 8-16 lb. young hens (cts./lb.)	58.8	47.2	53.2	53.4	47.1	49.7	51.7	48.2	48.9	47.6
Price of turkey grower feed (\$/ton)	158	173	167	165	165	165	165	162	165	178
Turkey-feed price ratio (lb.) ¹	4.8	3.2	4.0	3.9	4.1	3.9	3.9	3.9	3.9	3.5
Stocks, beginning of period (mil. lb.)										
	208.1	281.0	275.0	193.2	195.2	187.1	159.9	140.0	114.5	120.5
Poults hatched (mil.)	145.6	140.0	137.1	17.5	10.5	13.7	18.5	19.7	20.2	19.6

¹ Pounds of feed equal in value to 1 dozen eggs or 1 lb. of broiler or turkey liveweight.

Wool:

Items	Annual			1975	1976					
	1973	1974	1975	June	Jan	Feb	Mar	Apr	May	June
U.S. wool price, Boston ¹ (cts./lb.)	250	176	150	156	² 178	178	174	176	178	178
Imported wool price, Boston ³ (cts./lb.)	298	213	176	180	⁴ 178	175	(⁵)	(⁵)	185	186
U.S. mill consumption, scoured										
Apparel wool (thou. lb.)	109,872	74,856	94,117	7,561	8,929	8,742	11,996	9,066	8,717	—
Carpet wool (thou. lb.)	41,394	18,595	15,908	966	1,200	1,163	1,357	900	947	—

¹ Clean basis; territory fine good French combing and staple.

² Beginning January 1976, U.S. wool price delivered at U.S. mills, clean basis, 64's (20.60-22.04 Microns) Staple 2 1/2" and up. ³ Clean basis;

Australian 64's combing, excl. duty. ⁴ Beginning January 1976, wool price delivered at U.S. mills, clean basis, Australian 64's Type 78. ⁵ No quotes due to strike.

CROPS AND PRODUCTS: PRICES, SUPPLIES AND USE

Supply and utilization of major crops¹

Commodity	Domestic measure ²				Metric measure ²			
	1973/74	1974/75	1975/76 Preliminary	1976/77 Projected	1973/74	1974/75	1975/76 Preliminary	1976/77 Projected
Wheat:								
Mil. acres					Mil. hectares			
Area								
Set aside	7.4	—	—	—	3.0	—	—	—
Planted	59.0	71.4	75.1	80.2	23.9	28.9	30.4	32.5
Harvested	53.9	65.6	69.7	70.2	21.8	26.5	28.2	28.4
Bu. per acre					Metric tons per hectare			
Yield per harvested unit	31.7	27.4	30.6	29.1	2.13	1.84	2.06	1.96
Mil. bu.					Mil. metric tons			
Beginning stocks	599	339	430	665	16.3	9.2	11.7	18.1
Production	1,705	1,796	2,134	2,040	46.4	48.9	58.1	55.5
Imports	1	3	2	2	(⁶)	.2	.1	.1
Supply, total	2,307	2,138	2,566	2,707	62.8	58.2	69.8	73.7
Domestic	751	690	726	735 ±35	20.4	18.8	19.8	20.0 ±1.0
Exports	1,217	1,018	1,175	1,050 ±100	33.1	27.7	32.0	28.6 ±2.7
Use, total	1,968	1,708	1,901	1,785 ±90	53.6	46.5	51.7	48.6 ±2.4
Ending stocks	339	430	665	922 ±125	9.2	11.7	18.1	25.1 ±3.4
Dol. per bu.					Dol. per metric ton			
Price received by farmers	3.95	4.09	3.52	³ 3.42	145.14	150.28	129.34	³ 125.66
Price, Kansas City, No. 1 HRW	4.51	4.20	3.74	⁴ 3.75	165.71	154.32	137.42	⁴ 137.79
Rice:								
Mil. acres					Mil. hectares			
Area								
Allotment	2.22	2.10	1.80	1.80	.90	.85	.73	.73
Planted	2.18	2.56	2.82	2.45	.88	1.05	1.14	.99
Harvested	2.17	2.54	2.80	2.43	.88	1.04	1.13	.98
Lb. per acre					Metric tons per hectare			
Yield per harvested unit	4,274	4,432	4,555	4,600 ±100	4.79	4.97	5.11	5.16 ±.1
Mil. cwt.					Mil. metric tons			
Beginning stocks	5.1	7.8	7.1	33.1	.23	.35	.32	1.50
Production	92.8	112.4	127.6	111.9 ±3.0	4.21	5.10	5.79	5.08 ±.14
Imports . . . . .	.2	—	—	—	.01	—	—	—
Supply, total	98.1	120.2	134.7	145.0 ±3.0	4.45	5.45	6.11	6.58 ±.14
Domestic	37.0	41.0	42.9	44.6 ±1.0	1.68	1.86	1.95	2.02 ±.05
Exports	49.7	69.5	58.7	56.6 ±5.0	2.25	3.15	2.66	2.57 ±.23
Use, total	86.7	110.5	101.6	101.2 ±5.0	3.93	5.01	4.61	4.59 ±.23
Ending stocks	7.8	7.1	33.1	43.8 ±7.0	.35	.32	1.50	1.99 ±.32
Difference unaccounted	+3.6	+2.7	—	—	.17	.12	—	—
Dol. per cwt.					Dol. per metric ton			
Price received by farmers	13.80	11.20	³ 7.93	—	304.24	246.92	³ 174.83	—
Price, long-grain milled, S.W. La. . . .	30.42	21.50	⁴ 17.30	—	670.65	473.99	⁴ 381.40	—

See footnotes at end of table.

Supply and utilization of major crops¹—Continued

Commodity	Domestic measure ²				Metric measures ²			
	1973/74	1974/75	1975/76 Preliminary	1976/77 Projected	1973/74	1974/75	1975/76 Preliminary	1976/77 Projected
Feed grains:⁵								
Mil. acres				Mil. hectares				
Area								
Set aside	9.4	—	—	—	3.8	—	—	—
Planted	121.4	122.4	123.1	129.3	49.1	49.5	49.8	52.3
Harvested	102.3	100.6	104.8	108.7	41.4	40.7	42.4	44.0
Short tons per acre				Metric tons per hectare				
Yield per harvested unit	2.00	1.64	1.93	2.03	4.49	3.69	4.33	4.55
Mil. short tons				Mil. metric tons				
Beginning stocks	33.9	23.7	16.8	16.1	30.8	21.5	15.3	14.7
Production	205.0	165.3	202.4	220.9	186.0	150.0	183.6	200.4
Imports . . . . .	.2	.5	.5	.3	.2	.5	.5	.3
Supply, total	239.1	189.5	219.7	237.3 ±12	216.9	172.0	199.4	215.4
Feed	153.3	115.6	130.1	142.5 ±7	139.1	104.9	118.0	129.3 ±6.4
Food, seed, and industrial uses	17.6	17.7	18.1	18.8	16.0	16.1	16.4	17.1
Domestic, total	170.9	133.3	148.2	161.3 ±7	155.0	121.0	134.4	146.4 ±6.4
Exports	44.5	39.4	55.4	47.0 ±5	40.4	35.7	50.3	42.6 ±4.5
Use, total	215.4	172.7	203.6	208.3 ±10	195.4	156.7	184.7	189.0 ±9.1
Ending stocks	23.7	16.8	16.1	29.0 ±10	21.5	15.3	14.7	26.4 ±9.1
Corn:								
Mil. acres				Mil. hectares				
Area								
Set aside	6.0	—	—	—	2.4	—	—	—
Planted	71.9	77.8	77.9	84.1	29.1	31.5	31.5	34.0
Harvested	61.9	65.4	66.9	72.4	25.0	26.5	27.1	29.3
Bu. per acre				Metric tons per hectare				
Yield per harvested unit	91.2	71.4	86.2	90.5	5.73	4.47	5.41	5.68
Mil. bu.				Mil. metric tons				
Beginning stocks	709	483	359	313	18.0	12.3	9.2	8.1
Production	5,647	4,664	5,767	6,553	143.4	118.5	146.5	166.4
Imports	1	2	2	1	(⁶)	.1	.1	(⁶)
Supply, total	6,357	5,149	6,128	6,867	161.4	130.9	155.8	174.5
Feed	4,193	3,191	3,650	4,115 ±200	106.4	81.1	92.7	104.5 ±5.1
Food, seed, and industrial uses	438	450	465	485	11.1	11.4	11.8	12.3
Domestic, total	4,631	3,641	4,115	4,600 ±200	117.5	92.5	104.5	116.8 ±5.1
Exports	1,243	1,149	1,700	1,450 ±150	31.6	29.2	43.2	36.8 ±3.8
Use, total	5,874	4,790	5,815	6,050 ±300	149.1	121.7	147.7	153.6 ±7.6
Ending stocks	483	359	313	817 ±300	12.3	9.2	8.1	20.9 ±7.6
Dol. per bu.				Dol. per metric ton				
Price received by farmers	2.55	3.03	³ 2.55	—	100.39	119.28	³ 100.39	—
Price, Chi., No. 2 yellow	2.95	3.12	⁴ 2.71	—	116.14	122.83	⁴ 106.69	—

See footnotes at end of table.

Supply and utilization of major crops¹ —Continued

Commodity	Domestic Measure ²				Metric Measure ²			
	1973/74	1974/75	1975/76 Preliminary	1976/77 Projected	1973/74	1974/75	1975/76 Preliminary	1976/77 Projected
Cotton: ³								
Mil. acres				Mil. hectares				
Area								
Set aside	—	—	—	—	—	—	—	—
Planted	12.5	13.7	9.5	11.7	5.1	5.5	3.8	4.7
Harvested	12.0	12.6	8.8	(⁸)	4.8	5.1	3.6	(⁸)
Lb. per acre				Metric tons per hectare				
Yield per harvested unit	520	441	453	(⁸)	.58	.49	.49	(⁸)
Mil. 480-lb. bales				Mil. metric tons				
Beginning stocks	⁹ 4.2	⁹ 3.8	⁹ 5.7	3.6	.9	.8	1.2	.8
Production	13.0	11.5	8.3	(⁸)	2.8	2.5	1.8	(⁸)
Supply, total ¹⁰	17.2	15.4	14.1	—	3.8	3.3	3.1	—
Mill use	7.5	5.9	7.2	6.5 ±.5	1.6	1.3	1.6	1.4 ±.1
Exports	6.1	3.9	3.4	4.5 ±.5	1.3	.9	.7	1.0 ±.1
Use, total	13.6	9.8	10.6	11.0 ±.5	3.0	2.1	2.3	2.4 ±.1
Difference unaccounted ¹¹ . . . . .	.2	.1	.1	—	(⁶)	(⁶)	(⁶)	—
Ending stocks	⁹ 3.8	⁹ 5.7	3.6	—	.8	1.2	.8	—
Cts. per lb.				Cts. per kilogram				
Price received by farmers	44.4	42.7	³ 49.9	—	97.9	94.1	³ 110.0	—
Price, SLM, 1-1/16 in., spot	67.1	41.7	⁴ 56.1	—	147.9	91.9	⁴ 123.7	—
Soybeans:								
Mil. acres				Mil. hectares				
Area								
Planted	56.7	53.5	54.6	49.0	22.9	21.7	22.1	19.8
Harvested	55.8	52.4	53.6	48.2	22.6	21.2	21.7	19.5
Bu. per acre				Metric tons per hectare				
Yield per harvested unit	27.7 ¹	23.2	28.4	28.0 ±1.5	1.86	1.56	1.91	1.88 ±.1
Mil. bu.				Mil. metric tons				
Beginning stocks	60	171	185	200	1.7	4.7	5.0	5.4
Production	1,547	1,215	1,521	1,350 ±70	42.1	33.1	41.4	36.7 ±1.9
Supply, total	1,607	1,386	1,706	1,550 ±70	43.8	37.8	46.4	42.2 ±1.9
Crushings	821	701	865	820 ±30	22.3	19.1	23.5	22.3 ±.8
Exports	539	421	565	550 ±30	14.7	11.5	15.4	15.0 ±.8
Seed, feed, and residual	76	79	76	80	2.1	2.2	2.1	2.2
Use, total	1,436	1,201	1,506	1,450 ±60	39.1	32.8	41.0	39.5 ±1.6
Ending stocks	171	185	200	100 ±30	4.7	5.0	5.4	2.7 ±.8
Dol. per bu.				Dol. per metric ton				
Price received by farmers	5.68	6.64	³ 5.00	—	208.70	243.98	³ 183.72	—
Price, Chi., No. 1 yellow	6.12	6.33	⁴ 5.00	—	224.81	232.59	⁴ 183.72	—

See footnotes at end of table.

Supply and utilization of major crops¹—Continued

Commodity	Domestic measure ²				Metric measure ²			
	1973/74	1974/75	1975/76	1976/77	1973/74	1974/75	1975/76	1976/77
			Preliminary	Projected			Preliminary	Projected
Soybean oil:			Mil. lb.				Thou. metric tons	
Beginning stocks	516	794	561	1,355	234	360	254	615
Production	8,995	7,376	9,494	8,775 ±375	4,080	3,346	4,306	3,980 ±170
Supply, total	9,511	8,170	10,055	10,130 ±375	4,314	3,706	4,561	4,595 ±170
Domestic	7,282	6,581	7,800	7,650 ±200	3,303	2,985	3,538	3,470 ±91
Exports	1,435	1,028	900	1,000 ±200	651	466	408	454 ±91
Use, total	8,717	7,609	8,700	8,650 ±400	3,954	3,451	3,946	3,924 ±181
Ending stocks	794	561	1,355	1,480 ±400	360	254	615	671 ±181
			Cts. per lb.				Cts. per kilogram	
Price, crude, Decatur	31.5	30.7	⁴ 17.3	—	69.9 ⁵	67.7	⁴ 38.1	—
Soybean meal:			Thou. short tons				Thou. metric tons	
Beginning stocks	183	507	358	560	166	460	325	508
Production	19,674	16,702	20,602	19,475 ±1,000	17,848	15,152	18,690	17,667 ±907
Supply, total	19,857	17,209	20,960	20,035 ±1,000	18,014	15,612	19,015	18,175 ±907
Domestic	13,802	12,552	15,400	14,875 ±700	12,521	11,387	13,971	13,494 ±635
Exports	5,548	4,299	5,000	4,750 ±300	5,033	3,900	4,536	4,309 ±272
Use, total	19,350	16,851	20,400	19,625 ±1,000	17,554	15,287	18,507	17,803 ±907
Ending stocks	507	358	560	410 ±200	460	325	508	372 ±181
			Dol. per short ton				Dol. per metric ton	
Price, bulk, Decatur, 44%	146.35	130.86	⁴ 136.32	—	161.32	144.25	⁴ 150.27	—

¹Marketing years beginning June 1 for wheat, barley, and oats, August 1 for cotton and rice, September 1 for soybeans, and October 1 for corn, sorghum, and soybean oil and meal. ²Conversions between measures may not exactly convert or add due to rounding. Conversion factors: Hectare (ha.) = 2.471 acres; and 1 metric ton = 2,204.622 pounds, 36.7437 bushels of wheat or soybeans, 39.3679 bushels of corn or sorghum, 45.9296 bushels of barley, 68.8944 bushels of oats, 22.046 cwt. of rice, and 4.59 480-pound bales of cotton. ³Season

average estimate. ⁴Average for beginning of marketing year through June 1976. ⁵Corn, sorghum, oats, and barley. ⁶Less than 0.05. ⁷Upland and extra long staple. ⁸USDA is prohibited from estimating production before release of August Crop Production Report. ⁹Based on Census Bureau data. ¹⁰Includes imports. ¹¹Difference between ending stocks based on Census Bureau data and preceding season's supply less distribution.

Feed grains:

	Marketing year ¹			1975	1976					
	1972/73	1973/74	1974/75	June	Jan	Feb	Mar	Apr	May	June
Wholesale prices:										
Corn, No. 2 yellow,										
Chicago (\$/bu.)	1.91	2.95	3.12	2.89	2.62	2.70	2.68	2.68	2.84	2.96
Sorghum, No. 2 yellow,										
Kansas City (\$/cwt.)	3.24	4.64	5.01	4.53	4.36	4.47	4.62	4.47	4.49	4.66
Barley, feed, Minneapolis										
(\$/bu.) ²	1.17	2.03	2.58	1.67	2.11	2.26	2.38	2.39	2.50	2.52
Barley, malting, Minneapolis										
(\$/bu.) ²	1.43	2.67	4.16	3.97	3.24	3.21	3.22	3.17	3.22	3.55
Exports:										
Corn (mil. bu.)	1,258	1,243	1,149	82	138	137	130	165	154	⁴ 171
Feed grains (mil. short tons) ³	43.1	44.5	39.4	2.6	4.7	4.4	4.2	6.2	4.6	⁴ 5.0

	Marketing year ¹			1975				1976		
	1972/73	1973/74	1974/75	Jan-Mar	Apr-May	June-Sept	Oct-Dec	Jan-Mar	Apr-May	June-Sept
Corn:										
Stocks, beginning (mil. bu.)	1,126	709	483	3,621	2,214	1,492	359	4,431	2,812	1,857
Domestic use:										
Feed (mil. bu.)	4,304	4,183	3,191	916	458	668	1,130	1,099	560	—
Food, seed, ind. (mil. bu.)	429	448	450	111	86	147	112	115	76	—
Feed grains: ³										
Stocks, beginning (mil. short tons)	50.0	33.9	23.7	125.6	76.3	51.2	29.3	152.0	95.3	—
Domestic use:										
Feed (mil. short tons)	156.4	153.3	115.6	32.5	15.7	24.7	41.2	39.1	19.3	—
Food, seed, ind. (mil. short tons)	17.0	17.6	17.7	4.3	3.8	5.6	4.1	4.3	3.6	—

¹ Beginning October 1 for corn and sorghum; June 1 for oats and barley. ² No. 3 or better. ³ Aggregated data for corn, sorghum, oats

and barley. Note change in oats and barley marketing year to June-May. ⁴ Based on inspections for export.

Food grains:

	Marketing year ¹			1975	1976					
	1972/73	1973/74	1974/75	June	Jan	Feb	Mar	Apr	May	June
Wholesale prices:										
Wheat, No. 1 HRW, Kansas City										
(\$/bu.) ²	2.23	4.51	4.20	3.23	3.57	3.81	3.81	3.61	3.57	3.75
Wheat, DNS, Minneapolis (\$/bu.) ²	2.07	4.42	4.57	3.73	3.55	3.66	3.62	3.47	3.56	3.82
Flour, Kansas City (\$/cwt.)	6.58	10.30	10.19	8.09	8.96	9.35	9.56	9.06	8.71	8.84
Flour, Minneapolis (\$/cwt.)	6.96	10.60	11.40	9.55	10.15	10.21	10.71	10.25	10.08	10.35
Rice, S.W. La. (\$/cwt.) ³	14.35	30.42	21.50	20.90	17.40	16.50	15.50	15.30	16.60	16.50
Wheat:										
Exports (mil. bu.)	1,131	1,217	1,018	82	94	74	79	81	73	—
Mill grind (mil. bu.)	557	551	538	44	47	45	49	47	47	—
Wheat flour production (mil. cwt.)	250	247	239	20	21	20	22	21	21	—
	Marketing year ¹			1975				1976		
	1972/73	1973/74	1974/75	Jan-Mar	Apr-May	June-Sept	Oct-Dec	Jan-Mar	Apr-May	June-Sept
Wheat:										
Stocks, beginning (mil. bu.)	985	599	339	1,108	662	430	1,891	1,384	936	665
Domestic use:										
Food (mil. bu.)	527	530	521	123	89	186	144	140	89	—
Feed and seed (mil. bu.) ⁴	274	221	169	68	-7	59	21	61	28	—
Exports (mil. bu.)	1,131	1,217	1,018	255	150	429	343	247	154	—

¹ Beginning June 1 for wheat and August 1 for rice. ² Ordinary protein. ³ Long-grain, milled basis. ⁴ Feed use approximated by residual. Note change in wheat marketing year to June-May.

Fats and oils:

	Marketing year ¹			1975	1976					
	1972/73	1973/74	1974/75	June	Jan	Feb	Mar	Apr	May	June
Soybeans:										
Wholesale price, No. 1										
yellow, Chicago (\$/bu.)	6.27	6.12	6.33	5.15	4.65	4.74	4.66	4.71	5.21	6.25
Crushings (mil. bu.)	721.8	821.3	701.3	53.1	74.9	69.3	77.9	77.2	80.6	—
Processing margin										
(\$/bu.) ² . . . . .	.59	.72	.14	.15	.08	.10	.10	.06	.11	—
Exports (mil. bu.)	479.4	539.1	420.7	13.9	51.8	52.2	52.3	50.5	49.5	—
Soybean oil:										
Wholesale price, crude,										
Decatur (cts./lb.)	16.5	31.5	30.7	23.3	16.2	16.3	16.6	16.3	15.8	17.6
Production (mil. lb.)	7,501.0	8,994.7	7,376.2	557.8	807.4	757.6	852.4	846.1	882.0	—
Domestic disappearance										
(mil. lb.)	6,685.0	7,255.4	6,518.5	562.3	723.4	562.2	723.1	666.2	669.8	—
Exports (mil. lb.)	1,065.6	1,435.2	1,028.3	58.7	32.6	120.2	89.8	55.6	161.2	—
Stocks, beginning (mil. lb.)	785.0	515.5	793.5	606.7	799.9	844.8	913.2	946.1	1,060.9	1,108.2
Soybean meal:										
Wholesale price, 44%										
protein, Decatur (\$/ton)	229.00	146.35	130.86	120.90	128.25	132.60	127.90	127.10	152.25	187.90
Production (thou. ton)	16,708.8	19,674.4	16,701.5	1,256.2	1,748.3	1,616.5	1,820.0	1,830.2	1,913.0	—
Domestic disappearance										
(thou. ton)	11,920.5	13,766.3	12,501.3	952.6	1,198.3	1,182.6	1,383.2	1,173.0	1,437.8	—
Exports (thou. ton)	4,744.8	5,547.6	4,298.8	316.5	543.3	392.5	498.0	644.4	380.1	—
Stocks, beginning										
(thou. ton)	191.7	183.2	507.3	448.1	371.4	378.1	419.5	358.3	358.8	450.9
Margarine, wholesale price,										
Chicago (cts./lb.)	30.2	44.3	37.9	39.2	31.0	31.0	31.0	31.0	30.8	30.0

¹ Beginning September 1 for soybeans; October 1 for soy meal and oil; calendar year 1973, 1974 and 1975 for margarine. ² Spot basis, Illinois shipping points.

Fruit:

	Annual			1975	1976					
	1973	1974	1975	June	Jan	Feb	Mar	Apr	May	June
Wholesale price indexes:										
Fresh fruit (1967=100)	135.6	144.0	157.8	185.7	154.7	158.8	150.9	160.1	152.7	149.9
Dried fruit (1967=100)	209.2	247.3	213.4	211.7	207.8	207.8	209.4	210.3	210.3	211.9
Canned fruit and juice (1967=100)	134.0	159.7	173.8	175.1	169.5	169.2	169.2	169.3	171.2	173.5
Frozen fruit and juice (1967=100)	137.3	144.0	156.5	155.2	161.1	159.4	159.4	161.9	161.9	161.9
F.o.b. shipping point prices:¹										
Apples, Yakima Valley (\$/ctn.) ²	n.a.	n.a.	n.a.	n.a.	5.95	6.69	7.22	6.92	6.07	n.a.
Pears, Yakima Valley (\$/box) ³	n.a.	n.a.	n.a.	n.a.	7.42	7.73	8.27	8.50	n.a.	n.a.
Oranges, U.S. avg. (\$/box)	6.26	6.77	6.74	7.28	6.95	6.10	6.16	6.06	5.93	6.43
Grapefruit, U.S. avg. (\$/box)	5.78	5.55	6.17	7.32	5.59	5.54	5.57	5.46	6.00	6.26
Stocks, beginning:										
Fresh apples (mil. lb.)	1,737.6	2,074.2	2,214.1	184.4	2,569.3	2,086.2	1,569.3	1,111.7	778.7	433.3
Fresh pears (mil. lb.)	94.8	128.6	170.5	8.9	162.3	124.0	91.6	62.5	35.7	10.9
Frozen fruit (mil. lb.)	514.0	516.3	607.3	404.2	558.3	510.7	450.4	388.4	338.4	331.9
Frozen fruit juices (mil. lb.)	532.6	853.4	883.0	1,516.5	970.5	1,164.3	1,281.2	1,293.2	1,352.8	1,469.4

¹ Annual prices are seasonal average ending with year listed. ² Red 80-125's. ³ D'Anjou pears, regular storage, Washington wrapped, U.S. Delicious, regular storage, Washington extra fancy, carton tray pack, No. 1, 90-135's. n.a. not available.

Cotton:

	Marketing year ¹			1975	1976					
	1972/73	1973/74	1974/75	June	Jan	Feb	Mar	Apr	May	June
U.S. price, SLM, 1-1/16 in. (cts./lb.) ²	35.6	67.1	41.7	42.8	57.2	57.0	55.5	57.2	62.1	72.7
Northern Europe prices:										
Index (cts./lb.) ³	42.1	76.3	52.5	54.2	65.4	65.9	66.2	66.5	70.4	79.8
U.S., SM 1-1/16 in. (cts./lb.) ⁴	43.5	78.3	56.4	57.6	71.4	71.4	70.3	70.3	75.4	83.2
U.S. mill consumption (thou. bales)	7,871.0	7,448.4	5,833.7	496.4	591.4	579.0	738.3	559.5	570.9	—
Exports (thou. bales)	5,311.4	6,123.0	3,925.9	409.7	223.7	146.1	396.2	313.2	341.0	—

¹ Beginning August 1. ² Average spot market. ³ Liverpool Outlook "A" index; average of five lowest priced of 10 selected growths.

⁴ Memphis territory growths.

Vegetables:

	Annual			1975	1976					
	1973	1974	1975	June	Jan	Feb	Mar	Apr	May	June
Wholesale prices:										
Potatoes, white, f.o.b. East (\$/cwt.)	3.79	6.74	4.98	10.82	6.78	7.74	7.54	8.33	7.17	5.37
Iceberg lettuce (\$/ctrn.) ¹	3.76	2.82	2.71	2.01	3.42	2.14	3.77	3.82	2.33	2.99
Tomatoes (\$/ctrn.) ²	3.72	5.41	5.62	9.43	6.29	4.82	8.90	7.81	5.73	7.58
Wholesale price index, 10 canned										
veg. (1967=100)	117	146	169	169	158	152	155	158	156	156
Grower price index, fresh commercial										
veg. (1967=100)	157	156	181	204	190	171	179	178	164	162 ³

¹ Std. carton 24's; f.o.b. shipping point. ² 2 1/2 layers, 5 x 6-6 x 6, f.o.b. Fla.-Cal.

Tobacco:

	Annual			1975	1976					
	1973	1974	1975	June	Jan	Feb	Mar	Apr	May	June
Prices at auctions:										
Flue-cured (cts./lb.)	88.1	105.0	100.0	—	—	—	—	—	—	— ²
Burley (cts./lb.)	89.7	111.5	104.9	—	108.1	107.1	—	—	—	—
Domestic consumption: ¹										
Cigarettes (bil.)	590	576	² 588	—	51.9	51.0	58.8	49.6	50.4	—
Large cigars (mil.)	6,933	6,306	² 5,771	—	319.1	404.8	488.7	461.3	433.5	—

¹ Taxable removals. ² Subject to revision.

Sugar:

	Annual			1975	1976					
	1973	1974	1975	June	Jan	Feb	Mar	Apr	May	June
Wholesale price, N.Y. (\$/cwt.) ¹	10.29	29.50	22.47	15.96	15.42	15.04	16.27	15.58	15.97	14.40
U.S. deliveries (thou. short tons) ^{1 2}	11,482	11,237	9,980	932	760	774	970	876	³ 890	³ 992

¹ Raw value. ² Excludes Hawaii. ³ Preliminary.

GENERAL ECONOMIC DATA

Gross national product and related data

Items	Annual			1974		1975				1976	
	1973	1974	1975	III	IV	I	II	III	IV	I	IIp
Bil. \$ (Quarterly data seasonally adjusted at annual rates)											
Gross national product ¹	1,306.6	1,413.2	1,516.3	1,431.6	1,449.2	1,446.2	1,482.3	1,548.7	1,588.2	1,636.2	1,673.0
Personal consumption expenditures	809.9	887.5	973.2	906.8	911.1	933.2	960.3	987.3	1,012.0	1,043.6	1,064.6
Durable goods	123.7	121.6	131.7	128.0	117.4	122.1	127.0	136.0	141.8	151.4	154.1
Nondurable goods	333.8	376.2	409.1	383.8	388.5	394.4	405.8	414.6	421.6	429.1	434.8
Clothing and shoes	61.3	65.1	70.0	66.2	65.0	66.6	69.3	71.3	73.0	73.5	73.5
Food and beverages	168.1	189.9	209.5	193.7	198.0	203.2	207.8	211.8	215.2	219.2	222.5
Services	352.3	389.6	432.4	394.9	405.2	416.7	427.4	436.7	448.6	463.2	475.6
Gross private domestic investment	220.0	215.0	183.7	213.3	211.5	172.4	164.4	196.7	201.4	229.6	236.3
Fixed investment	202.1	204.3	198.3	206.0	201.7	194.6	194.3	198.6	205.7	214.7	223.0
Nonresidential	136.0	149.2	147.1	150.9	151.9	148.0	145.8	146.1	148.7	153.4	158.5
Residential	66.1	55.1	51.2	55.0	49.8	46.6	48.6	52.6	57.0	61.3	64.5
Change in business inventories	17.9	10.7	-14.6	7.3	9.7	-22.2	-30.0	-2.0	-4.3	14.8	13.3
Net exports of goods and services	7.1	7.5	20.5	2.9	8.1	15.0	24.4	21.4	21.0	8.4	9.1
Exports	101.6	144.4	148.1	148.4	153.8	147.5	142.9	148.2	153.7	154.1	156.8
Imports	94.4	136.9	127.6	145.5	145.7	132.5	118.5	126.8	132.7	145.7	147.7
Government purchases of goods and services	269.5	303.3	339.0	308.6	318.5	325.6	333.2	343.2	353.8	354.7	363.1
Federal	102.2	111.6	124.4	113.5	118.1	120.3	122.4	124.6	130.4	129.2	132.3
State and local	167.3	191.6	214.5	195.1	200.4	205.3	210.9	218.6	223.4	225.5	230.8
1972 Bil. \$ (Quarterly data seasonally adjusted at annual rates)											
Gross national product	1,235.0	1,214.0	1,191.7	1,212.9	1,191.7	1,161.1	1,177.1	1,209.3	1,219.2	1,246.3	1,259.7
Personal consumption expenditures	767.7	759.1	770.3	764.7	748.1	754.6	767.5	775.3	783.9	800.7	808.7
Durable goods	121.8	112.3	111.9	116.1	103.1	106.0	108.4	115.1	118.0	124.3	124.6
Nondurable goods	309.3	303.5	306.1	304.9	299.8	300.6	307.2	306.8	309.5	314.6	317.7
Clothing and shoes	59.2	58.9	61.3	59.0	57.3	58.6	61.0	62.1	63.4	63.3	62.9
Food and beverages	150.6	147.5	150.5	149.4	147.1	148.5	151.2	150.4	151.9	155.3	157.2
Services	336.5	343.4	352.4	343.7	345.1	348.0	351.8	353.4	356.4	361.8	366.5
Gross private domestic investment	207.2	182.0	137.8	176.2	169.1	129.3	126.2	148.7	147.0	167.1	170.5
Fixed investment	190.7	173.5	149.8	171.1	161.1	149.8	147.4	149.7	152.5	156.7	161.0
Nonresidential	131.0	128.5	111.4	127.3	121.8	114.4	110.6	110.1	110.5	112.6	115.2
Residential	59.7	45.0	38.4	43.9	39.3	35.4	36.8	39.6	41.9	44.1	45.8
Change in business inventories	16.5	8.5	-12.0	5.1	8.0	-20.5	-21.2	-1.0	-5.5	10.4	9.5
Net exports of goods and services	7.6	16.5	22.6	14.9	17.7	20.1	24.3	22.8	23.1	16.6	15.8
Exports	87.4	97.2	90.6	96.4	95.9	90.3	87.7	90.7	93.9	93.6	93.6
Imports	79.9	80.7	68.1	81.5	78.2	70.2	63.4	67.9	70.8	77.0	77.7
Government purchases of goods and services	252.5	256.4	261.0	257.1	256.9	257.1	259.1	262.4	265.2	261.9	264.6
Federal	96.6	95.3	95.7	95.8	95.4	94.8	95.3	95.6	97.2	95.4	96.7
State and local	155.9	161.1	165.2	161.3	161.5	162.2	163.8	166.9	168.0	166.6	167.9
New plant and equipment expenditures	99.74	112.40	112.79	113.99	116.22	114.57	112.46	112.16	111.80	114.72	121.14
Implicit price deflator for GNP (1972=100)	105.80	116.41	127.25	118.03	121.60	124.55	125.93	128.07	130.27	131.29	132.81
Disposable income (\$bil.)	901.7	982.9	1,080.9	998.0	1,015.8	1,023.8	1,088.2	1,091.5	1,119.9	1,147.6	1,171.8
Disposable income (1972 \$bil.)	854.7	840.8	855.5	841.7	834.0	827.9	869.7	857.1	867.5	880.4	890.2
Per capita disposable income (\$)	4,285	4,639	5,062	4,705	4,779	4,809	5,102	5,105	5,227	5,347	5,452
Per capita disposable income (1972 \$)	4,062	3,968	4,007	3,968	3,923	3,889	4,078	4,009	4,049	4,103	4,142
U.S. population, tot. incl. military abroad (mil.)	210.4	211.9	213.6	212.1	212.6	213.0	213.4	213.9	214.3	214.7	215.1
Civilian population (mil.)	208.1	209.7	211.4	209.9	210.4	210.8	211.2	211.7	212.2	212.6	212.9

See footnotes at end of next table.

Selected monthly indicators

Items	Annual			1975	1976					
	1973	1974	1975	June	Jan	Feb	Mar	Apr	May	June
Monthly data seasonally adjusted except as noted										
Industrial production, total ²										
(1967=100)	129.8	129.3	117.8	116.4	125.7	127.3	128.2	128.6	129.5	129.9p
Manufacturing (1967=100)	129.8	129.4	116.3	114.6	125.2	127.3	127.9	128.4	129.0	129.7p
Durable (1967=100)	127.1	125.7	109.3	107.0	115.8	117.9	119.0	120.0	121.1	122.2p
Nondurable (1967=100)	133.8	134.6	126.4	125.5	138.4	140.2	140.7	140.6	140.7	140.7p
Leading economic indicators ^{1 3}										
(1967=100)	124.0	110.1	98.6	99.4	105.2	105.9	106.9	107.7	109.2p	—
Employment ⁴ (Mil. persons)	84.4	85.9	84.8	84.5	86.2	86.3	86.7	87.4	87.7	87.5
Unemployment rate ⁴ (%)	4.9	5.6	8.5	8.7	7.8	7.6	7.5	7.5	7.3	7.5
Personal income ¹ (\$bil. annual rate)	1,052.4	1,153.3	1,249.7	1,253.7	1,320.8	1,331.4	1,341.9	1,352.5	1,362.9	1,368.9
Hourly earnings in manufacturing ^{4 5} (\$)	4.08	4.41	4.81	4.78	5.02	5.04	5.07	5.07	5.12	5.15p
Money stock (daily average) ² (\$bil.)	⁶ 270.5	⁶ 283.1	⁶ 294.8	291.0	295.1	296.5	298.0	301.7	303.3	303.0p
Time and savings deposits (daily average) ² (\$bil.)	⁶ 364.4	⁶ 419.1	⁶ 452.4	435.5	454.4	457.3	458.5	461.6	462.0	467.9p
Three-month Treasury bill rate ² (%)	7.041	7.886	5.838	5.193	4.961	4.852	5.047	4.878	5.185	5.443p
Aaa corporate bond yield (Moody's) ^{5 7} (%)	7.44	8.57	8.83	8.77	8.60	8.55	8.52	8.40	8.58	8.62
Interest rate on new home mortgages ^{5 8} (%)	7.95	8.92	9.01	8.96	8.99	8.93	8.93	8.92	8.98	—
Housing starts, private (including farm) ¹ (thou.)	2,045.3	1,337.7	1,160.4	1,080	1,236	1,547	1,417	1,367	1,430	1,492p
Auto sales at retail, total ¹ (mil.)	11.4	8.9	8.6	8.3	9.6	10.2	10.9	10.3	10.2	—
Business sales, total ¹ (\$bil.)	143.8	164.0	168.0	165.8	179.0	182.3	185.5	187.1	186.4p	—
Business inventories, total ¹ (\$bil.)	224.4	271.0	264.8	263.7	266.3	268.0	269.6	270.6	272.5p	—

¹ Department of Commerce. ² Board of Governors of the Federal Reserve System. ³ Composite index of 12 leading indicators. ⁴ Department of Labor, Bureau of Labor Statistics. ⁵ Not seasonally

adjusted. ⁶ December of the year listed. ⁷ Moody's Investors Service. ⁸ Federal Home Loan Bank Board. p. Preliminary.

TRANSPORTATION DATA

Rail rates and grain shipments

	Annual			1975	1976					
	1973	1974	1975	June	Jan	Feb	Mar	Apr	May	June
Rail freight rate index ¹										
All products (1969=100)	129.3	149.7	169.4	165.9	181.0	181.2	181.2	185.4	187.1	187.4
Farm products (1969=100)	125.2	145.3	165.0	160.5	177.7	178.0	178.0	179.1	183.2	183.3
Food products (1969=100)	128.8	148.9	168.6	166.2	179.3	179.5	179.5	183.2	186.1	186.3
Rail carloadings of grain (thou. cars) ²	32.3	28.2	25.8	24.5	24.5	25.4	24.6	20.6	21.2	28.7
Barge shipments of grain (mil. bu.) ³	19.0	19.8	23.0	21.2	25.9	27.8	29.4	29.9	38.1	33.9

¹ Department of Labor, Bureau of Labor Statistics. ² Weekly average; from Association of American Railroads. ³ Weekly average; from Agricultural Marketing Service, USDA.

U.S. AGRICULTURAL TRADE

Prices of principal U.S. agricultural trade products

Items	Annual			1975	1976					
	1973	1974	1975	June	Jan	Feb	Mar	Apr	May	June
Export commodities:										
Wheat, f.o.b. Gulf ports (\$/bu.)	3.78	4.54	4.16	3.47	3.93	4.18	4.18	3.99	3.87	3.99
Corn, f.o.b. Gulf ports (\$/bu.)	2.48	3.36	3.10	3.07	2.85	2.86	2.91	2.85	3.04	3.14
Grain sorghum, f.o.b. Gulf ports (\$/bu.)	2.37	3.08	2.95	2.54	2.83	2.83	2.83	2.70	2.79	2.78
Soybeans, f.o.b. Gulf ports (\$/bu.)	6.32	6.42	5.72	5.46	4.91	5.03	4.93	4.95	5.52	6.43
Soybean oil, Decatur (cts./lb.)	19.84	35.80	25.39	23.30	16.17	16.33	16.56	16.32	15.77	17.62
Soybean meal, Decatur (\$/ton)	238.36	140.85	124.05	120.90	128.25	132.60	127.90	127.10	152.25	187.90
Cotton, 10 market avg. spot (cts./lb.)	54.17	54.88	44.70	42.77	57.17	56.96	55.47	57.18	62.07	72.74
Tobacco, avg. price of auction (cts./lb.)	82.40	94.00	103.50	106.00	100.50	100.50	100.50	100.70	100.80	100.80
Rice, f.o.b. mill, Houston (\$/cwt.)	21.80	28.33	21.28	22.25	18.30	18.00	17.10	17.00	17.00	16.60
Inedible tallow, Chicago (cts./lb.)	12.36	15.25	12.04	12.56	12.97	13.16	13.60	13.00	12.94	n.a.
Import commodities:										
Coffee, N.Y. spot (cts./lb.)	66.10	69.30	77.27	73.43	107.00	109.00	110.00	124.00	141.90	148.10
Sugar, N.Y. spot (cts./lb.)	10.29	29.50	22.47	15.96	15.42	15.04	16.27	15.58	15.97	14.40
Cow meat, f.o.b. port of entry (cts./lb.)	91.09	71.77	60.20	60.45	67.41	71.99	77.43	81.75	80.55	72.49
Rubber, N.Y. spot (cts./lb.)	35.50	39.40	30.60	29.50	33.00	36.00	37.72	38.40	40.70	42.70
Cocoa beans, N.Y. spot (cts./lb.)	64.40	98.30	74.90	63.60	75.80	76.00	75.70	87.60	96.30	107.00
Bananas, f.o.b. port of entry (\$/40-lb. box)	2.99	3.34	4.41	5.15	4.40	4.74	4.92	n.a.	5.07	4.80
Canned Danish hams, ex-warehouse N.Y. (\$/lb.)	1.49	1.35	1.75	1.75	1.84	1.78	1.78	1.76	1.70	1.68
Quantity Indices										
Export (1967=100)	167	155	156	128	182	159	174	180	170	n.a.
Import (1967=100)	121	115	99	128	138	130	156	142	129	n.a.
Unit Value Indices										
Export (1967=100)	166	223	221	210	206	203	203	203	205	n.a.
Import (1967=100)	153	193	203	209	185	191	195	202	215	n.a.

n.a. not available.

Trade balance

Items	July-May		May	
	1974/75	1975/76	1975	1976
\$ Mil.				
Agricultural exports ¹	20,189	20,322	1,496	1,848
Nonagricultural exports ²	74,929	80,436	7,405	8,129
Total exports ²	95,118	100,758	8,901	9,977
Agricultural imports ³	8,751	9,088	688	848
Nonagricultural imports ⁴	85,513	86,791	6,768	8,206
Total imports ⁴	94,264	95,879	7,456	9,054
Agricultural trade balance	11,438	11,234	808	1,000
Nonagricultural trade balance	-10,584	-6,355	637	-77
Total trade balance	854	4,879	1,445	923

¹ Domestic exports including Department of Defense shipments, (F.A.S. value). ² Domestic and foreign exports excluding Department of Defense shipments, (F.A.S. value). ³ Imports for consumption (customs value). ⁴ General imports, (customs value).

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